SPECIAL "BUILDING YOUR FUTURE INCOME" NUMBER

The MAGAZINE of WALL STREET

15 Coming Dividend-Payers Among Low-Priced Stocks

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Industries Which Will Make Fortunes of the Future

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With the Editors

Basic Purposes of The Magazine of Wall Street

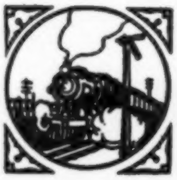
TO protect the interests of subscribers regardless of the amount of their capital; to encourage systematic saving and sound investment that lead to their financial independence and help to produce a nation of intelligent investors.

To gather and present accurate information upon all matters bearing upon investments, finance and business; to form definite and reliable conclusions; to forecast therefrom the probable trend of values and security price movements.

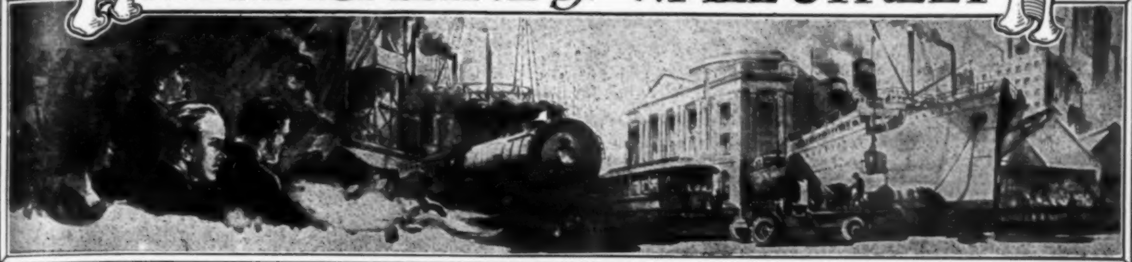
To render the utmost service to subscribers in the selection of properly diversified mediums for investment; to point out securities that will grow in value while affording safety.

To encourage the study of investment; to instil approved methods of investment practice, to the end that subscribers may develop in that science.

To criticize constructively abuses and dishonest practices in any phase of financial activity and thus assist in the generation of increased confidence in Wall Street institutions.



The MAGAZINE of WALL STREET



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RICHARD D. WYCKOFF

MANAGING EDITOR
E. D. KING

INVESTMENT & BUSINESS TREND

Pending Foreign Financing a Drain?—Copper Faces a Revival—Business Situation—Investment Values a Shade Lower—The Market Prospect

THE failure of the French and American Debt Commissions to make a final agreement on the French debt was naturally a disappointment. Practically a five-year moratorium has been declared which means that the vexing debt situation will be with us another five years. One development stands out, however, and that is the willingness of the U. S. Government to lift the long-existing ban on private loans to France. In fact, the new attitude of the Government is likely to open the road to foreign loans on a very large scale. Loans of this type, including private credits, have already exceeded one billion dollars this year. It is anticipated that about 800 millions more is in prospect, which should bring the total figure for the year almost up to two billion dollars, a staggering sum.

The average American probably does not realize the extent of our foreign financing. It may interest him to know that if the same amounts loaned abroad this year had been invested in our railroad properties for the purpose of reducing funded debt substituting for the latter stock issues of equivalent amount, the financial position of our roads could have been greatly improved.

Since the end of the war, we have bought in this country about five billion dollars of foreign securities, without including loans pending and to be floated during the balance of the year. These figures prove the commanding position of the United States in world finance. They also prove that we are becoming more and more involved in the international situation, with what results only the future can tell.

It is obvious, nevertheless, that without our purchase of European and other foreign securities, world economic conditions would become greatly jeopardized. From the viewpoint of world economic stabilization, it is probably a wise thing for this country to help finance the world. The question, however, is somewhat different from the viewpoint of the individual American investor, especially the small investor. He must ask himself whether in the light of known conditions abroad, he is warranted in utilizing any large part of his savings for the purpose of stabilizing the financial position of weak countries. It may be a narrow and possibly selfish attitude but we believe small investors ought to consider themselves first and confine their security purchases to those of the domestic variety. Those with larger capital, of course, can afford the risk. We have no desire to discourage the latter from making such investments, if they feel this will bring them the reward commensurate with the risk.

COPPER OUTLOOK

WHILE we believe the above is a fair representation of the foreign loan situation, it must not be forgotten that from an industrial viewpoint the extension of loans abroad may help the domestic situation in certain respects. This is especially true of our copper, a large part of which is sold to Europe. If Germany, for example, has the money she will buy copper in abundance.

Consequently, it may be argued that pending loans to Europe will have a beneficial effect on the copper industry in that it will provide the funds with which Europe will

be able to enter our market. In fact, this is the general impression of the copper trade in this country which is looking forward to a sustained foreign demand for the red metal toward the end of the year which, in conjunction with domestic demand, will stimulate the price. This at once focusses attention on the chief copper shares, some of which should reflect the coming improvement in their market value.

BUSINESS SITUATION

GENERAL trade conditions are satisfactory. Steel mills are operating at an increasing rate; railroads are hauling an immense amount of traffic; retail trade is expanding; employment is increasing somewhat; agricultural prices, while not astoundingly high, are providing a profit to farmers; the foreign situation seems less hectic; business confidence is returning. Complaint is heard, however, that profit margins are not high. Certainly the average amount of industrial earnings this year will probably not nearly equal those of the brilliant year of 1923. Nevertheless, they will be sufficient to support existing dividend rates, in most cases, and in some, supply a basis for an increase in the rate. The latter, however, will probably be the exception. In short, the business prospect for the balance of the year is satisfactory but not so much so as to justify the predictions of enormous earnings which are so freely broadcast these days.

INVESTMENT VALUES

DESPITE the great activity in the stock market, the average price of investment issues has not appreciated. In fact, as judged by leading high-grade preferred stocks, the trend is mildly downward. This, of course, is in response to the money rate situation which is growing more favorable to lenders and, conversely, less favorable to borrowers. It is probable that with the broad trend of money rates upward, issues of an investment type will suffer further shrinkage in price but this is likely to be of modest proportions. The bond market, as stated in these columns on recent occasions, has to an extent adjusted itself to the newer money market conditions; and values, on the whole, are somewhat less than at the peak of the year. There is little concern over the outlook but it is clear that there is no longer a stimulus that might lead to resumption of the advance. So far as common stocks of the investment variety are concerned, they also seem to be under the influence of changing money conditions. In fact, most of the current advances in stocks are limited to those of the highly speculative or "specialty" type.

THE MANAGEMENT QUESTION

RECENTLY, a certain tobacco stock long dormant astonished the speculative coterie by staging a rather remarkable advance. When speculators started to pore in the manuals, they could find no satisfactory reason for the improvement in the stock's market position. Yet, to those who had closely followed the fortunes of this company, the answer was simple and consisted of the fact that a new and virile management had some time ago been placed in charge and that the new policies instituted were beginning to bear fruit in the expanding business. We give this as an illustration that investors must constantly be on the outlook for important changes of this type in their companies. The best of companies have been known to "go to the dogs" and others, hitherto depressed, have by virtue of a change in management staged a healthy recovery. Naturally, it is in such situations that the investor finds really worth while opportunities. It is also proof that as long as business remains dynamic, investors will never lack for opportunity.

THE MARKET PROSPECT

THE stock market has recently shown itself increasingly sensitive to fluctuations in the money rate. Higher rates are followed by calling of loans on Stock Exchange collateral, accompanied by selling of securities; conversely, relaxation of the rate is followed by lifting of quotations. It is generally agreed that stock speculation has already absorbed a great deal of credit and that growing seasonal business requirements may result in temporarily cutting down credit supplies to the market.

Recent increase in volume of trading indicates a still further growth of public participation. It should be recalled, however, that the public has not yet a reputation for market sagacity. In any case, the proper policy for investors is to ignore issues which are moving about wildly. There are safer opportunities among the more solid stocks which yield good returns or which represent companies definitely on the mend but which have not yet been boomed in the stock market. A more detailed review of the position of the various groups is given on page 1070.

Monday, October 5, 1925.

Do Away With Fake Stock Promotions!

The Beginning of The Magazine of Wall Street's Campaign for the Enactment of a Federal Blue-Sky Law with Teeth in It

ONE billion dollars! That is the amount of the yearly loss suffered by the American people, through the sale of fraudulent securities. This gigantic sum is equal to one-fifth of all the money in circulation in the United States. It represents a loss of, approximately, $10.00 for every man, woman and child in the United States. And this loss continues, year after year, with monotonous regularity.

The elimination of this tremendous loss, is one of the most pressing economic problems, which confronts the country today. Although nearly every state has enacted a Blue-Sky Law, to safeguard its inhabitants from the sale of fraudulent securities, the fact remains that these laws have failed to accomplish their purpose. Fleecing the public, through the sale of fraudulent securities, still continues to be a flourishing, if despicable, major industry.

Generally speaking, the present Blue-Sky Laws attempt to achieve their object in various ways. Under some of the Blue-Sky Laws, a corporation, or a broker, desiring to sell securities, must submit the soundness, good faith, and prospects of the corporation to an official investigation. Under other forms of Blue-Sky Laws, the broker, upon furnishing evidence of his good character and financial responsibility, is licensed to sell securities. In some states, such as New York, no preliminary investigation is made, in advance of the sale of securities, but the Attorney General is authorized, by suit, to enjoin the sale of any securities issued in pursuance of a fraudulent scheme. Some of the Blue-Sky Laws combine the features of an official investigation of the securities offered with an investigation of the broker sponsoring the securities.

However ingenious these efforts to regulate the sale of securities may be, no sound and adequate Blue-Sky Law has thus far been enacted as the annual loss, through the purchase of fraudulent securities, amply proves. The truth is that the states, which have adopted Blue-Sky Laws, are in much the same position, as were those states, which, during the '70s and '80s of the last century, attempted to eliminate the lottery evil. Their attempts, likewise, were marked by a series of grotesque failures. It was not until the Federal Government adopted a statute, prohibiting the use of the mails for lottery purposes, that a death blow eventually was dealt to lottery schemes. Unless we are to shut our eyes to existing conditions, and to ignore the history of the past, *the conclusion is irresistible that the successful elimination of the sale of fraudulent securities must be undertaken by the Federal Government.*

A Federal statute, designed to curb the sale of fraudulent securities, should be comprehensive, *and yet not interfere with legitimate transactions.* A moment's reflection will show that it is wholly inexpedient to have, as provided in some Blue-Sky Laws, an official investigation into the soundness, good faith, and prospects of any corporation, whose securities are offered for sale. The fact that an official body authorizes the sale of shares of stock, is regarded, only too frequently, by the unwary investor as a stamp of official approval of securities by the state. In other words, it tends to obscure the constant need of the investor to investigate, for himself, the value of the securities offered to him.

The existing Blue-Sky Laws are based upon a failure to understand the psychology of the promotor of wildcat securities. *An unscrupulous promotor fears but two things—publicity and the tremendous power of the Federal Government.* A Federal statute, in order to cope with the situation created by the sale of fraudulent securities, should not ignore the fears of the wildcat promotor.

"Ye shall know the truth, and the truth shall set ye free," is as true in the realm of finance, as it is in the realm of religion. The corrective force of proper publicity, has been amply proven in England, where losses, through the sale of fraudulent securities, are comparatively insignificant.

The English corporation law, known as the "Companies Act," is founded upon the sound theory that complete publicity is the best safe-

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Promoters of fake securities extract each year a billion dollars from the unwary American investor. Only the United States can boast this record! In other countries they are much more successful in protecting the investor. This is especially true of Great Britain which has an enormously effective Companies Act. If British investors can be safeguarded, why not our own? We believe the time has come for Congress to enact a Blue-Sky Law that will accomplish the desired purpose, namely, the elimination of fake stock promotions. In this article, The Magazine of Wall Street proposes a statute, drawn with utmost care and legal skill, offered as a practical solution of the problem. It is our resolution to hold this statute consistently before the attention of Congress. We should greatly welcome the support of our readers in this campaign.

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guard of the investor. Under the English "Companies Act," a corporation, before offering its stock for sale to the public, is required to file a detailed prospectus in the public office, known as Somerset House. This prospectus must contain such information as is prescribed by law—and is so exhaustive as to enable any investor, by the exercise of reasonable care, to judge for himself the merits of the securities, which may be offered to him.

If the money now lost in fake securities could be diverted to legitimate investment, it would be an economic aid of first-rate importance.

It is by no means necessary to point merely to the English "Companies Act," for proof of the value to the public of proper publicity. Thus, the New York Stock Exchange, and all other legitimate stock exchanges, require a corporation, as a condition to the listing of its securities, to supply the exchange with detailed information of its condition. How valuable this requirement has proven to the investor is commonplace knowledge.

A Federal statute should not, however, attempt to usurp the right of the investor, to determine for himself what securities he shall invest in. The investor, after all, is a free agent, and, as such, he should be permitted to use his money for such purposes as he may deem fit. The necessity of this freedom of choice of an investment is important, because, it may be frankly confessed, many present-day prosperous corporations which were supported in the past by the faith and money of speculative investors, would not, under present conditions, be authorized to sell securities under some of the Blue-Sky Laws.

What the investor should be protected from is misrepresentation, whether by acts of omission, or commission. A Federal statute, which would require the furnishing of such information as would enable the investor to determine for himself the worth of the securities offered to him, would work no hardship, either upon the corporation issuing the securities, or to any one else, except, of course, the unscrupulous promotor. Consequently, a proper Federal statute would require the filing in a public office, as a permanent record, of a prospectus, giving detailed information, concerning the corporation. In addition, for the benefit of the investor, there should be included in the statute a mandatory provision for the delivery of a copy of such a prospectus to every person to whom an attempt may be made to sell the security.

Little business can be done, at the present time, without, at one point or another, resorting to the use of the mails. The Federal Government has the right to determine upon what conditions the mails may be used. Just as it may bar the use of the mails to lottery schemes, so the Government should not hesitate to deny the use of the mails to those, selling shares of stock, who refuse to give proper information to the investing public.

A Federal statute, which would require the filing of a proper prospectus with, say, the Postmaster General, as a condition to the use of the mails, would prove distinctly helpful to the Government in its never-ceasing campaign to suppress and punish stock frauds. At the present time, it is only, after long and expensive investigation, that the Government is enabled to obtain any information, concerning corporations, under investigation.

A statute, such as is here proposed, would make immediately available to the Government, information prepared by responsible officials of the company, which could properly be used as a basis for the investigation and punishment of the dishonest promotor. In fine, such a Federal statute would sound the doom of the fraudulent stock promotor, based, as such a statute would be, upon his twin pet fears—the fear of telling the truth to the investing public, and the fear of the tremendous power of the Federal Government. The statute in full is given below.

A Proposed Federal Blue-Sky Law

NO letter, package, postal card, statement, document, or circular, concerning any sale, or offer to sell, any note, stock, treasury stock, bond, debenture, evidence of indebtedness, transferable certificate of interest or participation, certificate of interest in a profit-sharing agreement, certificate of interest in an oil, gas, or mine lease, collateral trust certificate, transferable share, investment contract, or beneficial interest in, or title to, property, or profits, or any other instrument commonly known as a security (all hereinafter called "security" or "securities"); and no note, stock, treasury stock, bond, debenture, evidence of indebtedness, transferable certificate of interest or participation, certificate of interest in a profit-sharing agreement, certificate of interest in an oil, gas or mine lease, collateral trust certificate, transferable share, investment contract, or beneficial interest in, or title to, property, or profits, or any other instrument commonly known as a security; and no check, draft, bill, money, postal note, or money order, for the purchase, or on account of the purchase, of any such security, or securities; and no newspaper, circular, pamphlet, or publication of any kind, containing any advertisement of any security, or securities, shall be deposited in, or carried by, the mails of the United States, or delivered by any postmaster or letter carrier, unless every corporation, partnership, joint stock company, declaration of trust association, and every other character of association, and every individual, who shall sell, or offer for sale, any such security, or securities, shall, prior to the use of the mails, and semi-annually thereafter, file with the Postmaster General, and deliver to each person, firm, or corporation, to whom any such security, or securities, shall be sold, or offered for sale, simultaneously with an offer to sell, or with the sale thereof, a prospectus, issued by, or on behalf of, the corporation, or other issuer of securities, or proposed securities, whose security, or securities, may be offered for sale, or sold, and such prospectus shall be dated, and signed by every person, who is named therein as a director, which shall state:

(a) The powers of the corporation, or other

(*Please turn to page* 1129)

Gist of The Magazine of Wall Street's Federal Blue Sky Law to Extirpate Fraudulent Stock Selling

THE essential feature of this law is to make compulsory a full revelation of every financial fact connected with the flotation of the shares of a new company so that the investor may have possession of the necessary data on which to base his decision whether or not to purchase.

AMONG the important provisions of the proposed law are:

ALL the facts pertaining to the incorporation of a new company and the sale of its securities to be filed with the Postmaster General; a similar statement to be filed semi-annually thereafter. These facts are to be contained in the prospectus and sent to every prospective purchaser.

THE prospectus must state names and addresses of incorporators and directors.

IT must also state the capital with which the company intends to begin business, and the total amount of securities authorized and issued or to be issued.

IT must give the amounts payable in cash or securities to the promoter; also the amount payable for good-will.

IT must state the amount of securities held by each director in the corporation; and give the specific voting rights of each class of stock.

FAILURE to comply with this law to meet with imprisonment, or fine, or both.

Market Position of Leading Groups of Stocks Compared

Some Practical Pointers for Investors

As stated on previous occasions in this publication, this has been a selective market, in which groups of securities and individual issues have moved, in a general way, in accordance with their earnings outlook. Groups of stocks representing highly prosperous industries have continued to move forward; those, representing industries on the down-grade or affected by temporarily depressed conditions, have either lost ground or marked time. It has been and still continues a market, remarkable for its opportunities to discriminating investors.

In the past year, quite a number of the principal groups of stocks have moved from a low to a high market position. As these securities advanced, their attractiveness naturally diminished.

At the present, many groups are selling at such high levels that, on the whole, they can no longer be said to possess an investment appeal. Under the stimulus of undiscriminating public buying (aided by skilful pool manœuvres) it is possible that a number of stocks representing these groups may continue to advance. This, however, is a speculative consideration and does not disqualify the fact that such issues are no longer attractive from the viewpoint of the man who insists on paying only for actual value and who does not, strictly speaking, depend on the speculative machinery for profits. We have listed in the accompanying table those groups which, in a general way, we consider unattractive. The more important of the groups are: electric light and power, automobiles, merchandising, and electric equipment.

At the same time that these over-exploited groups advanced in the market of the past year, others declined, though several of them have been on the decline for several years. Their fall, of course, has been occasioned by the underlying poor situation affecting these industries. Among such may be cited: textiles, coal, shipping, fertilizer, petroleum, and others enumerated in the table.

As a general proposition, these groups have probably passed the most serious phase of their difficulties and seem to be slowly rounding into the homestretch of prosperity, though the latter term seems somewhat strong in view of their still comparatively weak position. Nevertheless, it is, paradoxically, the fact that these industries have not yet recovered which gives them their market attractiveness, for securities representing industries of this description have yet to discount in the market their slowly improving position. Of course, since these industries are not yet prosperous, it is clear that the purchase of their securities is attached with a certain degree of speculative hazard.

The investor, therefore, is confronted with this problem: Shall he buy securities in groups which are prosperous but whose securities have already fully reflected this prosperity? Or, shall he buy securities of weaker industries, which obviously are in a speculative position?

Certainly, the first step would be risky to a degree and the buyer would be gambling on a continued advance in stocks which have already advanced more than warranted by conditions. The second step would also be risky but less so than the first because of the relatively low market position of the shares. It need not be repeated that the largest profits have been made by investors who have had the foresight to select securities which had just turned the corner and which gave reasonable evidence that with continued pros-

(*Please turn to page* 1129)

Stock Market Outlook For Leading Groups of Stocks

Too High	Long-Range Prospects Favorable	Neutral
Opportunities now limited by past large advances.	Groups still in speculative position but growing improvement indicates increased earnings for shares.	Outlook still uncertain from long-range viewpoint.
Automobile	Railroad*	Amusements
Building Industry		Chemical
Can Stocks	Coal	Copper
Chain Store	Fertilizer	Motor Accessories
Dept. Store	Food**	Steel
Elec. Equip.	Hide-leather	Tires
Elect. Lt. & Pwr.	Oil	
Mail Order	Paper	
Rwy. Equip.	Shipping	
Tobacco	Street Rwy.	
5-10 Cent Stores	Sugar	
	Textile	

*This group in generally strong position. Near-term prospects, as well as long-term prospects, favorable.

**Miscellaneous classification. Many of these such as soft-drink stocks have already discounted prosperity. Other branches such as meat-packing still attractive.

Cash or Credit—Which is Best for Business?

How Four Leading Business Men and Bankers Answer This Most Important Question

—Interviews by J. M. HEAD

WALTER P. CHRYSLER
Pres. Chrysler Motor Co.

GEO. E. ROBERTS
Vice-Pres. Nat'l City Bank

ARE we spending too fast? Must there inevitably come a time when the complacent certainty of our ability to cross every bridge as we come to the impeding stream, will give way to a sudden realization that our belief has led us to the brink of the unspanned river of bankruptcy and other business disasters?

Approximately three-fourths of everything that we buy is purchased upon the deferred payment plan. Euphemism has taken the place of candor, for in the old days we used to call it the instalment plan. We were ashamed of the necessity which often forced us to this method of financing the purchase of needful household articles. We tried to keep it from our friends, because "a dollar down and a dollar a week" was a sign of poverty and we did not want to be considered poor.

It's different today. Not only does the struggling clerk or mechanic, with his little family of dependents, buy on the deferred payment plan, but the moderately well-to-do, and even the wealthy, are buying by the same method. No longer a mark of inability to carry the daily load, financed by the daily income, deferred payments are regarded as highly commendable, as an indication of ambition and a splendid tribute to our personal credit.

Automobiles, phonographs, radios, pianos are leaders among the articles obtained by this method of purchase. The strictly cash house is almost as extinct as the dodo. Billions of dollars are represented in the outstanding indebtedness of America on things usually classed loosely as non-essentials. I say usually classed so, because our ideas are undergoing a change and we seem to be reaching forward to the conclusion that many things once luxuries now have become so useful that their classification needs to be shifted. Life's concept of things material has been altered. In the newer lexicon, necessaries are no longer limited to those things which serve as the bond to keep soul and body together.

There must be careful handling of the word "luxury" in these days of vast buying and tremendous credit. The luxury class is being squeezed smaller and smaller by the insistent force of a popular demand for costly aids to life's comfort and happiness.

Is this a desirable thing?

H. L. WYNEGAR
Pres. Commercial Credit Corp.

LEE THOMPSON SMITH
Secretary Pease & Elliman, Inc.

The widespread use of credit in making all sorts of purchases is comparatively a new thing in America. Is it a good thing for business or will we finally pay the penalty? This is something that every business man and investor wants to know. Read this article and see how four men, who ought to know, answer the question.

When I began to consider this subject, I certainly was of the opinion that America had launched upon an era of extravagance that would have its bitter fruition in the days to come. I saw this orgy of spending symbolized by a child's balloon, constantly expanding, as the youngster blows his breath into it, until, finally, inflation overtaxes the resistance of the balloon's frail fabric, and it bursts, leaving only a flimsy wreckage, and a rueful-faced child filled with poignant regrets.

But I am now very doubtful if this is correct. I have talked with bankers, economists, automobile manufacturers, plain business men, small dealers and, finally, the man on the street, and they are generally of the opinion that instead of this buying being extravagance—at least, as we generally understand the word—it is sound in principle and is an aid to good business and continued prosperity.

"Save and have" used to be the motto to which there were no admitted exceptions. Thrift was taught for itself, alone. Saving to the point of sacrifice was a cardinal virtue. But it seems that this no longer obtains. Somewhere, in the twilight zone between "save and have" and "spend and go broke" there is a middle ground where spending is as much an aid to future prosperity as saving. Neither motto has oracular standing any longer.

"Saving," one man declared, "is a one-sided proposition. If everybody saved, who would spend, and where would the saver find anything to save? You've got to be two-sided. Save some but also spend some. Your saving helps only yourself, but the right kind of spending helps not only you but also the other fellow."

It must be admitted that this sort of philosophy puts a different face on the thrift idea. Before I had finished my investigation I discovered that this man's views generally were shared by most people.

I found staid, conservative bankers who saw nothing alarming in the trend. I found one who declared that America's seeming extravagance was really what made us prosperous.

This is the observation of Walter P. Chrysler, President of the Chrysler Motor Co., whose record as a designer and manufacturer of automobiles is one of continued success.

"The automobile is a necessity," Mr. Chrysler declared. "There may have been a time when it was a luxury, used chiefly for pleasure, but that time has passed and the great majority of car owners use their cars, either directly or indirectly, in business.

"The automobile has gone through the same evolution that the telephone did. When I was younger my people wouldn't have a 'phone. It cost $1.50 a month and was a luxury which only the wealthy could afford. Today it is regarded as an essential and even the humblest home has a 'phone and business could not be conducted without it.

"So with the motor car. It has come to be necessary.

"Hence anything that tends to make it easier for people to buy automobiles is an aid to better business, better living. Without the deferred payment plan, many people now owning cars could not have them. Probably 60 per cent of our cars are bought under this plan and with other makes of cars the percentage will run from 75 per cent up. So far from the partial payment method being an invitation to extravagance it is really an aid to the creation of economic wealth.

"If this plan caused extravagance there would be a heavy default in payments and many cars would have to be re-possessed every year. As a matter of fact, the proportion of cars taken back for lack of completion of payments is only a fraction of one per cent—the smallest percentage of defaults that I know of in any business.

"I take exception to the statement often made that Americans are extravagant. It is not true. Americans are spenders, when they have the money, as they have now, but they are not living beyond their means. They earn the highest wages and salaries of any people on earth and in proportion as they earn they are going to spend for the things that they want. The motion picture theatres, the ballrooms, the restaurants, with their dance floors, are all just further growths of the things we had when we were young. If we spend more money for amusement now, it's because we have more to spend.

"Those who think we are living too fast, that we are mortgaging the future, as evidenced by the buying of nearly everything we use on the instalment plan, seem to overlook the fact that it is only a form of credit. Everything in this country is based on credit. The automobile manufacturer has to borrow from the bank just the same as every other manufacturer and business man. It's simply carrying this a step farther down for the manufacturer or dealer to extend credit to his customers.

"There isn't enough money in the world to permit business to be done on a cash basis. Man, from the wealthiest to the poorest, must use credit every day of his life. A well-adjusted line of credit is a means to prosperity. Stop credit to automobile buyers and the sale of cars would drop tremendously. Stop credit to the automobile manufacturer, and he would stop making cars."

I had a notion that a banker, who, of all business men is supposed to be the most conservative, would have a different view-point on this question of buying on instalments. With this idea, I questioned George E. Roberts, vice president and economist of the National City Bank, New York.

While qualifying his remarks a trifle, Mr. Roberts did not express views which were very different from those of other types of business men.

"Buying on the deferred payment plan is not of itself an indication of extravagance," Mr. Roberts said, "though probably many who do buy under this plan are extravagant, and there seems to be little doubt that by reason of the ease with which delivery may be secured, goods are fre-

quently bought which would not be purchased if the buyer had to pay all cash before the goods were given to him. On the other hand, the man who is careful, and who buys through deferred payments, generally figures out his income and estimates just what he can pay on each instalment. That is, he establishes a sort of budgetry system, and when he does this he has taken the first step in saving, for real saving can be accomplished only if it is done systematically.

"We bankers do not generally look with favor upon any method of financing which is likely to result, or which may result in 'frozen assets' and it is conceivable that this very thing might happen through the deferred payment plan. If, for instance, we were to have a period of hard times, those who had bought would find themselves unable to pay, and the result would be a tieing up of a large sum of money in assets on which there could not be a quick realization.

"This is the chief danger I see in the tremendous growth of this method of buying, and the same objection might be made to the buying of real estate in much the same manner. If there is one thing which conservatism urges above everything else, it is that a man own his own home, and the only way in which the vast majority of people, who are wage earners, can have homes of their own is by buying on the deferred payment plan. Surely we could not urge that such buying indicated extravagance. A man may foolishly contract to pay more than his present earning power will warrant, possibly in the hope that something will happen, that he will get a raise, or that he may be able to make a good speculation, or that something unforeseen may transpire that will help him to meet his obligations. Such a man, with these unbusinesslike methods, probably will fail. But we know that the average man who buys a home, goes through with the deal, making all the payments.

"As to the general extravagance of the American people—or the alleged extravagance—I am not inclined to be pessimistic about it. Things are different, it is true, from what they were a few decades ago. We live better in a material way. The luxuries of yesterday have become the essentials of today. When you ask if we can afford it, there is only one answer. We are doing it, and seem to be getting along very well, so that we would seem to be justified in holding to the belief that unless conditions which we are not able to foresee, arise, we should go along without anything worse than the incidental setbacks which we must expect in any business."

H. L. Wynegar, president of the Commercial Credit Corporation, whose company handles a large amount of deferred payment paper based on automobile sales, asserts that the plan has proved an aid to better conditions for the American people.

"It is not entirely an unmixed blessing," he said, "for no doubt there are cases where it leads to unwise or unnecessary buying. But the benefits so far outweigh the drawbacks, that there is only one conclusion to reach—that it is a method that has served and is serving a very useful purpose.

"The automobile is an economic necessity. It meets a utilitarian demand. The use of the automobile for pleasure exclusively is confined to a very few people. In view of this, any method which helps get more cars into the hands of the people cannot be considered a lure to extravagance.

"Eighty per cent of all cars, the purchase paper on which our company discounts, cost on the average $1,500 or less. In my experience we probably have not had over a dozen instances when the paper was for cars of the Rolls-Royce or high priced class. In fact we discourage the deferred payment plan for cars running $4,000 or over in value, simply because we feel that a person able to pay that price should buy on a cash basis.

"Many cars are used in business, but there are thousands of owners who do not actually put their cars to direct business use who, nevertheless find them a virtual necessity.

(*Please turn to page* 1118)

Industries Which Will Make

Newer Industries Rising to Take Place of

MAN has passed the age of witchcraft and universal superstition, but his emancipation is but as a moment ago. Eons have elapsed since our ancestors battled the beasts and the wild forces of nature in the great open places of an uncivilized and thinly populated world. By comparison, our modern industrial era is newly born, a mere speck upon the horizon of time.

Rapid strides have been made since James Watt's invention of the steam engine in 1785 completely revolutionized all industry. Mechanical equipment and mass production have wrought transformations in man's industrial and social culture. They have at once opened new opportunities and created new problems for the investor.

New Uses for Capital

The evolution and use of machinery has given rise to the development of vast systems of transportation, communication and banking. Not so many years ago, the investor found refuge for his capital in jewels, for there were no better means of safekeeping. The spread of the industrial revolution has opened a labyrinth of opportunities for the profitable employment of money in bank stocks, insurance stocks, railroads, telephone, cable, public utility, and so on, *ad infinitum.*

Each step in the path of progress has marked the widening of the investment field in some direction and ofttimes is circumscription in others. Changes in social relationships and moral standards have followed hand in hand with the advancement of scientific culture. The effect upon the investor cannot be ignored.

A vast and wholly profitable industry was brought to grief when the prohibition wave swept the United States. At one fell swoop, the once highly prized brewery stocks were cast into discard. The loss to investors who failed to read the signs of the time have been enormous. But not alone the manufacturers of more than "one-half of one per cent" were injured. The whole economy of the restaurant and hotel business has been changed.

On the other hand, the disintegration of the organized liquor business has stimulated that of the soft drink producer and the candy manufacturer. The customers of the latter may not be identical with those of the former. Nevertheless, sugar is recognized as something of a mild alternative for alcohol and the evidence of statistics would suggest that at least a portion of our nervously active American population has turned to the innocuous luxury when it can no longer procure the more exhilarating compound.

That sugar will be left forever in undisputed possession of its peculiar fields may well be doubted. The contributions of chemistry to modern industry cannot begin to be enumerated in a discussion so limited by the requirements of space.

The leather manufacturer, however, will complain to you, if you find time to listen, that chemical substitutes have robbed him of much that he formerly regarded as his own.

Chemical compounds have supplanted leather in the upholstery of the automobile. The bookbinder often finds the imitation cheaper and equally as effective as the real thing in the manufacture of his particular product. Where once we trod upon the unyielding fabric of leather heels, rubber has put youth in our steps (if we may believe the claims of enthusiastic rubber heel producers). The effect of this encroachment upon the uses of leather undoubtedly affords some excuse for that industry's rather dilatory recovery from post-war deflation.

No More Sugar?

When science solves the problem of converting cellulose into sugar and starch in commercial quantities, perhaps out of the nitrogen in the air, there will be no more sugar plantations. Sugar may become as cheap as shavings.

The inference is obvious. Sugar securities will be less valuable, perhaps, than brewery stocks. The bonds of those nations whose taxing powers rest largely upon the resources of sugar plantations may descend to parity with the obligations of the all but worthless German mark bonds of recent memory.

But chemistry will not rest content with such a minor conquest. The substitution of foods produced in chemical laboratories will readily revolutionize the ancient art of agriculture. Pastures devoted to peacefully grazing cattle will become vacation playgrounds. The farmer will don the habiliments of industry and abandon his useless plow for a place in the factory and a home in the city. Cities will be freed of dependence upon the countryside and the railroads must find new freight to replace the lost traffic in agricultural products. The farm implement manufacturer may, perhaps, turn to the production of aeroplanes.

No less stimulating to the imagination of the prophet are the possibilities in the field of power production. Not even the apparently solid public utility industry shall be immune to the base touch of evolution. Man will find ways and means to harness the wild energy in wind and water. He will harness the unruly tides, and subdue the breezes that flit as they will, to give forth steady streams of energy. Perhaps even the sun, says our prophet, may be invoked in the relentless war upon coal and petroleum, pushing these fuels bodily into oblivion by the startling economy of the new power.

As steel and iron replaced bronze and flint, so may tempered copper and aluminum alloys invade the domain of these metals with the aid of the chemist. Fanciful though these conceptions of future industry may seem, they are not founded upon mere flights of irresponsible imagination.

Transmuting Mercury Into Gold

The impossibility of today may be an accomplished fact tomorrow. The

Industries Adversely Affected by Industrial Competition

Note: In this table are listed some of the industries whose future seems likely to become gradually less favorable as new industries encroach upon their spheres. From a long-pull standpoint, the prospect for these industries does not justify permanent investment. Regardless of the long-range outlook, however, temporary periods of improvement may bring about a situation in which securities of representative concerns could still afford a speculative opportunity.

INDUSTRY	PRESENT POSITION AND OUTLOOK	REPRESENTATIVE COMPANIES
Coal Mining	Soft coal showing some revival from depression—Substitute fuels will give more and more competition.	Pittsburgh Coal, Pennsylvania Coal & Coke, Elk Horn, Pittsburgh Terminal Coal.
Artificial and Natural Ice	Immediate prospect good—Competition from electrical refrigeration threatening.	American Ice.
Phonograph	Industry in chaotic condition—Future cloudy.	Victor Talking Machine.
Traction	Conditions irregular — Surface lines likely to lose more ground.	Third Avenue, Twin City Rapid Transit.

the Fortunes of the Future

Old—The Opportunities for the Investor

alchemists of old were for long regarded with pity, if not contempt. Yet science is now seriously entertaining the very dreams that the alchemist dreamed. Only a year or so ago, Prof. Miethe announced that he had actually transmuted mercury into gold. Though the production of this precious metal probably cannot be established upon a commercial basis by this means, chemistry is less concerned with such a possibility than with the advancement of its science.

The investor may object that he is not concerned about events one or two centuries hence. The coal industry, for example, will be with us for some decades to come even though it be slated for eventual annihilation. Securities that may be unknown to our grandchildren may yet yield many speculative thrills before the final curtain falls upon their part in the scene of life.

We have but to recall, however, that within the span of three half-centuries, industry has become highly concentrated. Where formerly the individual was capitalist and laborer, entrepreneur and producer, all in one, now the corporation rules supreme. The investor must, of necessity, entrust some part of his surplus funds to the management and direction of others through the purchase of securities in sundry enterprises.

That he may not safely retire to obscurity and trust to the sagacity of those in charge is self-evident. The history of the markets is an open book upon this point at least.

Industry bows before no idols. It holds no respect for the worship of tradition. It would not, like the followers of an ancient religion, stick to the methods of our ancestors simply because they were the ways of our fathers and grandfathers.

The outward evidences of industrial evolution are but the manifestations of man's inward restlessness. Steadily seeking new conquests, science is showing the way to progress. Industry is making life more livable, adding to comforts and conveniences, scrapping old methods and adopting the new.

Photos by Wire

Only within the year, newspapers have carried photographs transmitted by wire over the land lines of the American Telephone & Telegraph Company. How little or how much the commercialization of wire photography may add to the revenues of the telephone company is for the future to determine. But in the great research laboratories of the General Electrics, the Standard Oils, General Motors, DuPonts, *et al*, chemists and engineers are bringing to fruition the devices that are quietly revolutionizing industry.

Small companies are likewise active. Labor-saving machinery of all varieties has been added to the sum of wealth, from typewriter and adding machine to mechanisms for increasing the efficiency of coal. The large corporation, however, is best fortified to withstand the competition of progress than the small. Research laboratories of the General Electric type are expensive to maintain. Hence, while the large concern has no monopoly of invention, its future is less likely to be disturbed by minor changes in the character of industrial methods.

The old law of survival of the fittest applies to industry. In the transformations now being wrought, we may observe a great variety of readjustments. Some are drastic, others involve more than one industry. The business of transportation is a case in point.

In the early pioneer days, companies were organized to build "pikes" or highways connecting the cities. Investors in these concerns got their return out of toll charges assessed upon the users of these pikes. But the application of the steam engine to railroading put the highway companies out of business and gave rise to modern railroading, to which the country owes its rapid development and the passing of the old frontier days.

For years the railroads have been supreme in the field of transportation and railroad securities have been held in high favor. The discovery of the vast uses of electricity and its application to the job of moving street cars greatly stimulated the traction industry and made possible the daily transportation of the urban population from home to business. From street car to railroad was a short and natural step for the electric motor.

Electric motive power has displaced steam on many railroad divisions and, ultimately, there is little doubt but that electricity will be the main source of energy for our railroads, though the process of conversion must be exceedingly gradual.

The effect upon the business of the locomotive builders is obvious. That these companies are fully alive to the future possibilities is shown by the fact that they have forestalled danger by forming working alliances with the makers of electrical equipment who will benefit most from the new era.

The Motor Bus

The railroads and tractions, however, have not been left in sole possession of transportation. Within the past few years, the gasoline driven motor bus has come out of the nowhere to dispute their conquest of the horse. Already railroad passenger revenues reflect the growing intensity of competition with the bus and short haul freight traffic is being lost by the carriers. Branch rail lines are being abandoned in many cases because the public has taken to the more convenient and economical bus.

The railroads are actively meeting this situation, however, and instead of lying down before bus competition, have themselves adapted the bus to their own needs. So, too many traction companies have taken individual, competing bus lines out of the hands of competitors and organized them upon the basis of large scale, modern industry. Thus the readjustment pro-

Industries in the Vanguard of Progress

Note: The purpose of this table is to give a list of those industries whose position should improve as a result of industrial development. If held over a period of several years, representative securities in these groups should prove profitable investments. In a number of cases, however, the present market prices of these issues have discounted the more immediate prospects for expansion. Therefore, in order to make the table of practical value to investors we have marked with an asterisk (*) those companies whose stocks, in our opinion, offer the best opportunities at the present time.

INDUSTRY	PRESENT POSITION AND OUTLOOK	REPRESENTATIVE COMPANIES
Aeroplane	Still in development stage—Promising future possibilities.	*Wright Aeronautical, *Curtiss Aeroplane & Motor (pfd.).
Electrical Equipment	Strongly situated—Should continue to expand.	General Electric, *Westinghouse El. & Mfg., Allis-Chalmers.
Electrical Refrigeration	Developing rapidly — Unlimited possibilities.	*Kelvinator, *Nizer Corp., *Servel.
Motor Truck	In prosperous condition—Room for steady growth.	Mack Truck, White Motor, *Pierce-Arrow (pfd.).
Petroleum	Present status unsettled—Future promising.	Standard of New Jersey, Standard of California, Royal Dutch, Texas Co.
Public Utility	Enjoying prosperity — Growing with the country.	*American Telephone, *Consolidated Gas, *International Telephone, *Public Service of N. J.
Radio	Recovering from over-production —Future not clear.	*Radio Corp., De Forest, *Brunswick-Balke-Collender.

ceeds under the spur of progress.

Harm has come to numerous street railway companies which, staggering under the burden of war inherited troubles, have been unable to fight off the invasion of the bus. But the railroads will unquestionably work out their own salvation without damage to capital or income. Each will eventually settle down to its own niche in the scheme of things. Meanwhile, the bus industry has assumed large proportions and promises to become one of the new and promising fields for the investor, if indeed, it has not already done so.

Similarly, what the steam locomotive builders may lose, the electrical equipment companies stand to gain. But that is not the whole of the story. Coal, long the chief source of energy for the steam boiler, has had its supremacy threatened by the growing use of fuel oil. And again, if the railroad industry is electrified petroleum will lose business and the public utilities gain a large and valuable load.

That the utility industry stands upon a pedestal aloof from progress is not to be assumed as has already been shown. The advent of cold light might have serious consequences. Yet let not the public utility holder despair. The tungsten lamp's succession to the carbon filament type threatened to cut the consumption of current seriously, but the extension of lighting lines to new homes and the growth of factory and city lighting has more than offset this tendency. And even today, but one-half the country's homes are wired for electricity and the farm lighting and power field is, as yet, but scarcely touched.

Newest of all developments in this line is the promising increase in demand afforded the central station by electrical refrigeration. Probably no other blessing of the electrical inventor's art has been more welcome than the washing machine that has done so much to dissipate the burden and dread of "wash day." Now, after five years of experimentation and development, electrical refrigerators have been brought to a state of practical usefulness.

Electrical refrigeration is still in its early youth and liable to suffer growing pains. But its future seems assured. "Ice by wire" has not yet reached the level of cost which will permit the average householder to bid his ice man farewell. The time is rapidly approaching, however, when these machines are likely to be brought to a real quantity production basis. Thereupon, prices may be lowered to tempt the pocketbooks of a wider circle of homes.

Not everybody will abandon the old method. Despite the automobile and electricity, we still buy and sell some carriages and candles. The ice man probably will remain an institution for some time to come, but his numbers are bound to be reduced. Already in some communities he has all but vanished from the strictly commercial field.

Sound electrical refrigeration securities may well be a refuge for investors whose funds are committed to artificial and natural ice companies where the latter are vulnerable to the machine made competition.

We have touched upon the future struggle for survival of coal and oil. The case of these industries has more interesting immediate possibilities. Oil refiners, once upon a time, turned up their noses at a troublesome by-product which gave them much concern when recovering kerosene. The advent of the automobile, however, created a vast demand for this material—gasoline—and set the petroleum business upon new fields of conquest.

Over-production has been the besetting sin of the oil companies during the past four years. But who may predict the effect produced by growing use of fuel oil in home and industry? Perhaps we may some day have pipe lines carrying the liquid fuel from oil field direct to household burner much to the dismay of the smudgy coal man. Thus the final solar plexus may be delivered to the now somewhat groggy coal industry whose constant predilection for strikes has rendered it increasingly unpopular.

The struggle between radio and phonograph holds yet another lesson. Five years ago, the first public radio program was broadcasted. Within the past two years, investors have been deluged with a flood of radio securities ranging from good through indifferent to bad.

The position of this infant industry must still be considered speculative. It has neither acquired the stability which comes with maturity nor is its long range future entirely clear. In the first place, many weak companies have succumbed to the intense competition that developed since last winter. More light-weight concerns seem bound to perish ere radio finally passes from the state of rapid change to gradual improvement.

Secondly, there is no definite assurance that the telephone system may not be utilized to give homes blessed with wire connections better musical programs on a rental basis. Those in authority have disclaimed any such intention for the present, but the possibilities remain to be considered.

Meanwhile, the phonograph, rendered partially obsolete by the lazy enjoyment provided through radio, is struggling desperately to come back.

But so far as the inventor is concerned, the music field, represented by radio and the phonograph, might best be handled with discretion. The situation is fraught with a peculiar mixture of speculative possibilities.

Other examples of industrial transformation are legion. The rayon industry is worthy of mention. The aeroplane has been exhaustively discussed in these columns recently. Its future prospects, therefore, require no elaboration here. The influence of the automobile upon the construction of more and better roads and similarly its effect upon the makers of cement, asphalt and other road building materials, is obvious. Space is too short to permit citing other illustrations, which are plentiful.

Gathering the threads of experience as one in our hands, what does this picture of industrial transformation reveal? That, out of the maze of apparently confusing and contradictory tendencies, one principle stands out: Let the investor pin his fortunes upon the securities of those great industrial giants whose labors in the field of research will be as milestones in the path of progress through the turbulent days of industrial revolution.

It is they who will bring to light the inventions of the morrow and reap the rewards of service to mankind. With these, the investor may safely take partnership. Conversely, he should avoid the stocks of those companies which have forgotten that progress is essential to security and which are content to mark time.

THE essential point of this remarkable article is that while new inventions transform industrial methods and render obsolete entire industries and consequently their securities, it does not necessarily follow that the companies engaged in these lines must go out of business. In fact, the contrary is true. The larger, progressive, and well-financed companies are precisely those which are bending their energies toward the development of new inventions and devices. Consequently, it is this type of company which will reap the reward of its labors even though it might eventually find itself engaged in a different type of business from that in which it originally started. With this in mind, the investor who pins his hopes to companies of this type has, in the final analysis, nothing to fear. Rather, he should greatly benefit from the resourcefulness of his company. But where no effort is made by a company to keep up with the march of progress, there, indeed, is danger for the investor.

Russia—A Growing Field for American Business

Why It is Important for Us to Dominate This Great Market

Note: We present this authoritative article on present Russian business conditions as a general guide to business men who may be considering opening up new trade connections with Russia. Incidentally, an increasing number of American business men are finding it profitable to trade with this formerly prostrate country. As indicated in the article, Russian economic recovery has been quite definite.

RUSSIA is reviving. Both farm and industrial production are making great strides. There is little doubt that 1926 will see that giant empire back to pretty much its pre-war level.

What is much more important for us is that *the United States is doing almost one-third of Russia's foreign trade.* This is a far greater percentage than we enjoyed before the war. Even in dollars and cents we are doing as much business with Russia as we did in 1913.

When Russia's total trade reaches the pre-war level and if we keep the same proportion of the business that we now have, our trade with her ought to reach 600 millions a year. Such a growth would mean that Russia would displace Germany as our second best customer. *Whether such levels are reached or not, it remains true that with our surplus production capacity in so many lines we cannot afford to overlook the possibilities of so great a market.*

For ten years Russia has been out of the running. The old political and financial system of Russia under the Czar was rotten and the three years of war with Germany broke down the whole industrial structure. Losses in men were terrific—far more than all the other allies put together. Since the crumbling structure could not support the people, there ensued the terrible consequences of a social revolution.

The older propertied classes naturally fought back. After the surrender to Germany and the loss of Poland, Finland, the Baltic states and Bessarabia, there ensued four years of civil war. What little the social revolution had left, the civil wars finished. In addition, the revolutionists, although formidable politically, attempted to impose their economic schemes on a country that could not even stand much better schemes. As a result, production declined to pitiable proportions. Cities wasted away and famine and plague covered the land.

In 1919, the total foreign trade of Russia—the largest population of any white country—declined to 1.5 million dollars—far less than one department store does in New York. In 1920, it rose to 19 millions, in 1921, to 135 millions and in 1922, to 290 millions.

A temporary policy of conciliation with "capitalism" helped Russia to bridge over this gap. In 1921, the tide turned, but not until 1923 did Russia again begin to look like a great country. She is now so much recovered that Keynes, than whom there is no sharper economist, believes that two more abundant harvests and there will be no need for foreign credits.

Russian business with the United States is conducted by four great trading agencies. Two, the Amtorg Trading Co. and the All-Russian Textile Syndicate, do the bulk of the business. Their total operations for the fiscal year from October 1, 1924, to September 30, 1925 (last two weeks estimated) indicates imports and exports of 86 million dollars. Exports from the United States to Russia are three times as large as our imports from Russia, to put it conservatively. In addition to accredited trade through the four agencies, there is a great deal of private trading credited to the Russian border states, such as Finland, Latvia, Lithuania, Esthonia, Poland, Roumania, etc. That this indirect private trade is at least 10% of the accredited trade is undoubted. Hence, our total trade with Russia is in excess of 95 millions.

We sent her last year about 43 millions in cotton (more than 2% of our crop), about 9 millions in machinery, conspicuous among which is agricultural machinery, constituting about one-half the total. Nearly half of all agricultural machinery imported by Russia comes from the United States despite the nearness of our special competitor, Germany. The Soviet Government consists of fanatical believers in the American tractor. *Orders for this branch of agricultural machinery may be expected to take an upward curve for at least ten years.*

Industrial machinery is sold by us in active competition with Germany, but we are way behind. We lead in oil-well supplies and in dredges. We

(Please turn to page 1131)

Rise of Typical Russian Industries
Value of Production in United States Dollars
(Millions)

Total Russian Production
In United States dollars (millions)
Agricultural—Industrial

	1913 Pre-War	1923-4	1924-5	1925-6 Budgeted Figures	1913 Pre-War	1924-5	1925-6 Bugeted Figures
Coal	80	66	71	100	....	....	....
Oil	140	135	160	190	....	....	....
Metals	492	212	435	708	....	....	....
Textiles	533	280	550	755	....	....	....
Sugar	167	57	96	168	....	....	....
Tobacco	60	47	72	83	....	....	....
Rubber	35	11	28	47	....	....	....
Electrical Equipment	16	29	50	88	....	....	....
Manganese	6.4	0.8	1.6	3.8	....	....	....
Salt	4.3	1.8	4.8	5.1	....	....	....
Matches	5.6	4.2	7.4	8	....	....	....
Glass	3.9	3.4	4.2	8	....	....	....
	1,543.2	847.2	1,480	2,163.9	10,018	11,434	14,610

Remedies for Our Defective Highway System

*A Program That Would Help Not Only the Automobile Industry and Its Investors But Business in General**

By WILLIAM A. McGARRY

THE public must gradually be educated to the importance of the problem of highway building. This problem involves the question of taxation and hits directly at the pocketbook of everyone whether he uses the roads or not. Which are the best ways of raising taxes: should bonds be sold for road-building purposes: Or, should taxes be levied only on those who use the roads? These are only several of the important questions discussed in this article which gives the generally accepted remedies for current highway defects together with a description of how these remedies are working out. We again urge our readers to give the matter their fullest consideration and, if they agree with the propositions set forth, to get in touch with the authorities, local, state and national, and tell them forcibly that they want: MORE AND BETTER ROADS.

IT may come as a surprise to many investors to learn that the automotive industry represents a "profit" to the United States Government—after all expenses of the vast Federal Aid Road building program are taken into consideration—of more than half a billion dollars for the fiscal years 1917 to 1925. This sum has been available for the other costs of government, over and above road-building allotments, from the excise taxes collected during that period on motor cars, trucks and parts under a system of special taxation authorized during the war as an emergency measure and generally regarded as "luxury taxes."

To be specific, the Government has collected a total of $799,385,399 since the motor taxes were established. In the same period it has paid out to all the forty-eight states participating in the Federal Aid program $285,268,939 in a schedule of payments that increased during the earlier years of the program but is now more or less fixed at $75,000,000 a year. During the period of these payments, the total expenditures on the Federal Aid system alone to January 31, 1925, have been $651,257,247, which leaves to the credit of the Government a balance of $514,116,460. *This sum is enough to pay half the total annual highway expenditures of a billion dollars a year put out by all political divisions, or to increase the annual construction mileage by fifty percent.*

These figures, it should be noted, do not take into consideration projects approved by the Government and the various states and now under construction on the Federal Aid system. The total cost of such projects has been calculated at $391,163,750.23. Toward this expenditure the Government will contribute $173,503,011.88, but not all of this sum will be expended during the current year. Roughly speaking, the program calling for an annual expenditure of $75,000,000 a year by the government represents about 47% of the collections each year from excise taxes.

Investment and tax experts who have been concerned in recent years with the growing problems of assuring room enough on the highways for the mounting output of motor cars and trucks are now turning their attention to these items of Federal tax. A demand is beginning to develop, not for use of all the automotive tax receipts on the building of highways, but for the reduction or complete abandonment of many of these excise taxes. This had its start among farm organizations and at first was directed mainly at the taxes on automotive repair parts. The National Grange has pointed out that taxes on parts is a recurring tax and has urged that it be dropped altogether. The American Farm Bureau Federation also is on record in favor of a reduction.

The motive of this movement is not by any means a criticism of the Federal highway officials, who are credited with coordinating the road system of the country and with launching the campaign for the adoption of standardized methods. The government requirement that maintenance of roads shall meet a fixed and high standard has had much to do with the discovery that this is just as important as building new roads. Efforts to bring about a reduction of Federal taxes on automobiles and parts are merely in line with the general demand for tax reduction. Though it has been suggested that the Government should drop out of highway work; yet, its influence is regarded as essential to keep the highway system coordinated nationally, and to continue the great social achievement of breaking down sectional lines.

Nevertheless, it is now recognized

*Second and final article. The first appeared in the September 12 issue.

that the brunt of the highway burden must be handled through the states in the future. It is estimated that it will require ten years for the completion of the Federal system, and by that time, at the present rate of progress in road construction, it is not believed there will be any necessity for further expansion of government aid. It is also recognized that if the necessary support is to be obtained for the work that must be done, methods must be worked out which will make possible a clear picture of the needs, costs and importance of motor transportation; a picture which may be grasped easily by the man in the street.

Already objections have been raised by taxpayers in some quarters to the huge loans being made for new roads, and experts agree that one of the first steps to combat this attitude must be the development of uniformity in taxes and building programs. Between November, 1918, and January, 1925, the records show that a total of $1,290,-317,267 of state and county bond issues had been authorized, and a disposition has developed, particularly in some of the rural districts, to call a halt. For some years the farmer has been asserting that much of the new construction is for through travel and that local traffic is being overlooked.

Analysis of the road bond issues hardly bears out this contention. It shows that nearly half the bonds are of a local nature, being issued by counties and townships. In fact, the state list shows that up to the first of this year only twenty-eight states had adopted this form of raising funds for road construction. The total of state issues is $650,-660,000. The total of local bonds is $539,657,-267. Not all of these bonds have been issued as yet, but it may be stated that the issues of county bonds are relatively larger than those authorized by state legislatures, since the latter are generally for large sums and earmarked for appropriation over a long period of years, while local operations are more likely to cover shorter periods.

An interesting point in connection with road bond issues is the comparison it bears to the total capital investment in the automobile industry. This figure is given by the National Automobile Chamber of Commerce as $1,691,-050,112, indicating that in the last half dozen years the capital requirements of road building have been almost as large as that of the manufacturing industry itself. The figures, however, may give a wrong impression. It should be borne in mind that not all of these bonds have been sold. *Besides, a definite trend toward making the automobile support road building out of current taxes has caused a falling off in the bond system, as various states have recognized the possibility of the pay-as-you-go plan.*

In this connection, the National Tax Association has expressed the opinion that the time is rapidly approaching when special motor vehicle taxes will equal expenditures on highways, both primary and local, from current tax receipts. Even so recently as 1921 this idea would have been considered revolutionary and far in the future. In that year the total income of all the states from automobile registration fees was $122,500,000, while the income from taxes on gasoline aggregated only $5,300,000—for all the states. In 1922, however, income to the states from registrations went up to $152,000,000, while the income from gas taxes had more than doubled, reaching a total of $12,000,000. *About that time state officials began to recognize the possibilities of the gasoline tax.* In 1923 the income from this source tripled the figure from the preceding year, bringing in a total of $36,800,000, and in 1924 another 100% increase was recorded with total gas tax collections of $79,734,000. In the meantime the registration income also had shown a steady increase to $189,000,000 in 1923 and to $225,492,000 in 1924.

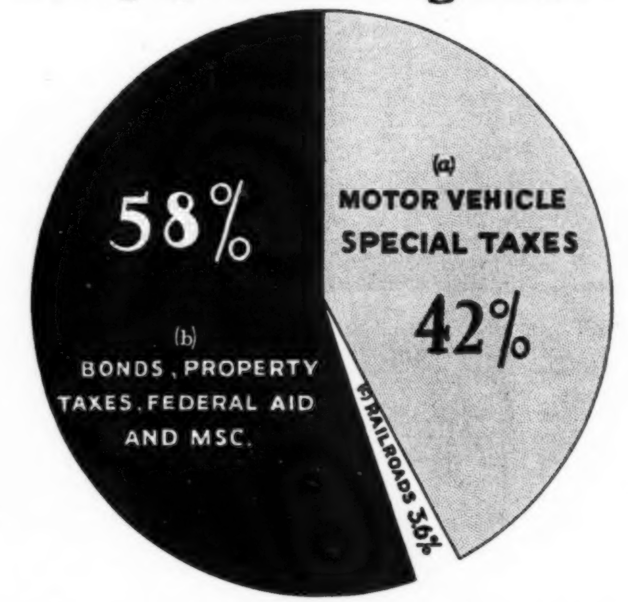
Men interested in the future of the motor car have begun to realize that if all the tax yield of the industry can be segregated for road building and maintenance there need be little worry over bond issues, after a few years. The grand total of automobile taxation —federal, state, county and city—ran last year to $551,442,336, well above half the total highway construction and maintenance bill of the year. This includes personal property taxes estimated at about $90,000,000, on automobiles, and municipal motor car taxes of $15,000,000. And these sums were collected under 48 different systems and rates.

The gasoline tax, for example, ranges from one to four cents a gallon, while the range in registration fees—using a Dodge as the unit—is from $3 to $34. A few years ago the states where gasoline was taxed were few and far between. Possibilities of the income from this source have brought the states into line one after another, so that up to the end of last year all but thirteen states had passed measures imposing such a tax. Arkansas leads with four cents a gallon, and taxes in other states run three, two and a half, two and one cent. Several of the states not previously in the taxing list joined the procession this year. The total income from the gasoline levy may therefore be expected to show another large increase during 1925. In this connection, better maintenance of old roads and the large mileage of new ones brings about an increasing use of the automobile and hence increases the gas tax yield.

Similarly, the states have been falling in line to put license fees higher. Oregon now tops the list with the charge of $34 and California is at the bottom with $3—still using a Dodge touring as the unit. Other states obtaining large yields from registration fees are Minnesota, with $24.20, Vermont, $22.10, Arkansas, $22, and Idaho

(*Please turn to page* 1134)

Who pays for the Highways?



Total highway expenditures for 1923, according to estimates of the U. S. Bureau of Public Roads were $943,339,148.

58% of this expenditure was paid for from bonds and various forms of taxation, including $75,000,000 personal property taxes on automobiles.

3.6% of the total, included in the 58%, is the railroads' share of the general tax funds devoted to highway purposes.

42% of the bill was borne by motor vehicle special taxes.

Referring to the chart above the figures are as follows:

(a) Motor vehicles in 1923 paid in special taxes the equivalent of 42%, or $396,548,000.

(b) Bonds, current general property taxes, Federal aid, and miscellaneous paid the equivalent of 58% or $546,791,000

(c) Which is part of (b), railroads paid the equivalent of 3.6% or $34,163,692.

Railroads Likely to be Taken Over On a Guarantee Basis

Five Unusual Opportunities in Railway Stocks

Table I—Per Share Earnings

	Average 1916-17	1921	1922	1923	1924	1925 Est.
Central R. R. of N. J.	$23.10	**$73.77	$0.01	$2.28	$22.55	$25
Nashville, Chatt. & St. Louis	18.43	def. 1.62	10.50	10.18	12.22	13
Norfolk & Western	16.40	7.94	10.97	13.72	13.07	17
Pittsburgh & Lake Erie	11.81	3.31	6.02	18.30	8.56	9
Pittsburgh & West Virginia	*2.70	2.36	2.80	5.06	4.99	7

*Based upon 9 mos. 1917. **Includes extra dividend from coal properties.

Table II—Dividend Yield and Ratio of Earnings to Price

	Price	Dividend	Yield	Ratio 1925 Earnings to recent price
Central R. R. of N. J.	290	$12	4.13%	7.16%
Nashville, Chatt. & St. Louis	161	7	4.34	8.00
Norfolk & Western	139	8	5.75	12.23
Pittsburgh & Lake Erie	150	5	3.33	6.00
Pittsburgh & West Virginia	81	..	...	8.64

IT is a truism that railroad shares have lagged behind the market. This is in spite of record breaking earnings and car loadings, and a physical and financial condition never before equalled, so that at this time they are undoubtedly in a very preferred position as to desirability for new commitments. Nevertheless, they have seen sufficient advance, particularly in specific issues, to warrant a further revision of hypothetical values. In general the greatest advances have taken place in the so-called "little rails," these advances being predicated upon the theory that a broad consolidation movement is to develop among the carriers. It is possible to be in entire accord with this theory and yet mistrust its results in specific application. The worth of railroad stocks is determined by these factors: Earning power, asset value and strategic importance. It is not improbable that this equation will produce a net result which in the final analysis, will fail to improve or even justify the figures at which some of the cheaper rails are being held. In other words, there is a tendency to lay too great weight upon the last named factor and to give insufficient concern to the matter of earnings and assets. Mere change of control will not create new values, although it may serve to somewhat transfer them. It is unlikely, however, that the more successful concerns will be stampeded into making purchases at excessive costs, particularly as it is necessary to invoke the permissive authority of the Interstate Commerce Commission, which body displays little likelihood of developing hot-headed enthusiasm towards mergers. The question of price will obviously prove the determining consideration in each consolidation, whether this be effected by lease, exchange of shares or outright purchase. It is the purpose of this discussion to point out a few "Merger Prospects" that have manifestly not measured their true values in the market quotations. Such being the case, the holder, should their acquisition by another line be delayed in taking place, will at least have the assurance of being committed to solid values, rather than mere hopes.

Norfolk & Western

An outstanding example of this character is afforded in Norfolk & Western. A little over a year ago negotiations were opened between directors of this line and those of the Pennsylvania, looking towards the latter's acquisition of the former. Subsequently it was announced that the parties to the discussion had failed to come to terms and negotiations had been dropped. The persistent belief that a deal will eventually take place appears particularly well founded. While there will of course be a good deal of maneuvering and strategics upon the part of the various lines in the working out of a consolidation position, certain combinations, particularly as regards the larger systems, stand out in a most logical way and would appear requisite if the resulting alignments are to preserve an even balance. Norfolk is a Pennsylvania necessity. Between the two lines there has existed a strong liason of 25 years' standing, based upon mutual traffic arrangements, a onetime control of Norfolk by Pennsylvania, and an ownership in recent years of approximately $11,400,000 preferred and $43,400,000 common, or 35% of the $157,796,700 Norfolk stock outstanding December 31, 1924. It appears more than probable that during the last fifteen months these holdings have been quietly increased. To Norfolk's lease of the Virginia R. R. a more than surface significance has been attached, it being felt that the Pennsylvania occupied a position behind the scenes in this move. Such

added attraction to Norfolk is unnecessary. The road has long stood as an example par excellence in the railroad field, because of its conservative and well balanced capital structure, its physical condition, and its stable earning record. The road's status as a 75% bituminous coal carrier serving the non-union fields plus its long policy of intensive development are enabling it to advantage fully from the curtailed production in the union fields, so that current earnings promise to equal or better the high record of $17.81 a share established in 1916. In the last ten years earnings have fallen below $10 a share only in the depression year of 1921, which, however, yielded $7.94 or practically the current dividend of $7 regular and $1 extra paid in each of the last three years. The true asset value of the common stock is probably not far from $200 a share. It is commonly believed that Pennsylvania will lease the Norfolk, guaranteeing its dividends. This is a favorite form of acquisition with the former. Under the circumstances it would be unlikely that holders of Norfolk would agree to less than the current dividend, if indeed a higher rate or some cash distribution be not demanded. *When it is recalled that stocks guaranteed by Pennsylvania sell close to a 5% basis it becomes apparent that Norfolk is possessed of considerable speculative possibilities.*

Central of New Jersey

In the event of a consolidation movement of real breadth developing, certain minority stocks should benefit in no uncertain terms. For the most part stocks of this character are considered very "rich," that is, dividends at current prices yield a rather meager return. The low rate of payment is the key to the extraordinary values that have been allowed to accumulate behind some of these issues. Originally purchased because of their strategic position and command of traffic rather than for immediate large returns, it may be pointed out that the owning corporation would naturally prefer letting the equities accumulate in the properties to sharing them with stockholders. In this category Central of New Jersey; Pittsburg & Lake Erie, and Nashville, Chattanooga & St. Louis look decidedly attractive. Custom has developed a very real necessity upon the part of the proprietary roads, and the purchase of the stocks has the advantage of this paternalism and concurrence of expert opinion.

Central R. R. of N. J. has been controlled by Reading for nearly 25 years, the latter owning 53% of the $27,436,800 capital stock. Like Reading, Central of N. J. was formerly a large holder of anthracite lands. In the segregation in 1921 it received a large special dividend, and later the properties were sold for approximately $31,000,000 or about $115 per share of Jersey Central stock.

This road is particularly fortunate in its New York terminal situation, owning 5½ miles of waterfront, which has been appraised at $25,000,000. Most of the large Eastern trunk-lines have expressed a desire to have the road included in their consolidation groupings, New York Central and Baltimore & Ohio being particularly insistent. This fact has added interest because of these two lines' equal holdings of Reading, together comprising about 43%. It is not easy to foresee just how this affair might develop, but it is apparent that if Jersey Central holdings were distributed to Reading stockholders, the two chiefly interested lines would be the large beneficiaries. In this event greatly increased importance would attach to the "minority" stock. *Although the latter sells not far from $300 a share, its asset value, in the light of government valuation figures, may be most conservatively placed at not less than $500. Current earnings of $25 a share are about normal.*

The next few months are likely to see a considerable number of railways taken over on a guarantee basis. No critical study of the investment merits of these stocks under such new conditions has as yet appeared. In this article, the effect of guarantee arrangements upon the future of five of these stocks is carefully appraised.

The Nashville, Chattanooga & St. Louis is a long standing and important member of the Atlantic Coast Line—Louisville & Nashville group. The latter controls the property through ownership of about 72% of the $16,000,000 capital stock. Aside from its having grown into an indispensable part of the L. & N. the company affords something of a model on its own account. Capitalization is about evenly distributed between bonded debt and stocks, and is outstanding at a very low rate per mile. Traffic is ideal both from the standpoint of distribution among commodities and as regards the percentage or origination. Except for the immediate post "control" period, earnings have shown a high degree of stability for many years. Nor do the current favorable results adequately reveal the full earning power, due to very heavy maintenance charges, which will make a more than favorable comparison with all other roads of a similar traffic density, many of them among the largest in the country. This policy of intensive development, as a matter of fact, has been pursued ever since Nashville came under L. & N. dominance many years ago and has resulted in the creation of an extraordinary equity for the stock.

According to the company's own books this is equal to about $195 a share. The tentative valuation of the I. C. C., however, would suggest a figure about double that amount. This official recognition has an important bearing on the case. If recapture of excess earnings becomes a fact, and there is small doubt that in time it will, Atlantic Coast Line will be in an uncomfortable position because of its high earning power in relation to property value. *It should, therefore, prove very desirable to effect a complete merger with Nashville, Chattanooga & St. Louis, as the latter's high valuation would aid in absorbing the larger company's excess earnings.*

Pitts. & Lake Erie

Another interesting minority situation is embraced in the Pittsburgh & Lake Erie, of whose $35,985,600 capital stock ($50 par) New York Central owns just over 50%. The road has but $9,000,000 of funded debt and is unique in realizing the largest revenues per mile of any road in the country. Products of mines and iron and steel products make up nearly all of its traffic. It is natural therefore that earnings fluctuate in a wide range depending upon conditions in the steel industry. Thus the depression year of 1921 yielded but $3.31 per share, while 1923, the year of record steel production, produced $18.30 per share. The average of the past twenty years has been about $10, while dividends for the past ten years have been but $5 annually, although prior to that time some large "extras" were paid. Pittsburgh & Lake Erie's books, showing an asset value for the stock of a little over $100 a share, undoubtedly fail to state the true worth. This has been estimated at $200 a share.

As New York Central's only entrance to Pittsburgh, the road is of tremendous importance to the present line. Moreover, it affords a direct connection with the Western Maryland, another carrier believed "earmarked" for the New York Central and one which would afford an additional seaboard outlet at Baltimore. In view of the thin margin by which Central holds control and its policy of absorbing subsidiaries, it is highly probable that an offer of exchange of shares will be forthcoming. *Meanwhile, Pittsburgh & L. E. minority stock is in strong hands, which should assure very favorable treatment.*

Pitts. & West. Virginia

At least one non-dividend paying common stock that is not to be considered particularly cheap in the light of earnings or assets, and yet is entitled to the greatest consideration, is

(*Please turn to page* 1146)

Seven Undervalued Public Utility Bonds

	Outstanding (millions)	Ratio net assets to amount outstanding	Times interest earned	Price	Yield Per cent
Virginian Power 1st Lien & Refg. 6½s "A" 1954	5.0	1.7	1.42	102	6.33
Twin State Gas & Electric 1st Lien & Refg. 5½s 1945	1.9	3.5	2.46	97	5.78
Cleveland Elec. Illuminating Debenture 7s 1941	5.0	2.0	4.43	111	5.88
Mountain States Power 1st & Refg. "B" 6s 1938	6.4	2.0	2.00	100	6.00
Ohio Valley Elec. Ry. 1st Gtd. 5s 1946	1.9	2.0	1.90	82	6.50
Indiana Power 1st Lien & Gen. "A" 7½s 1941	1.25	2.5	1.80	106	6.90
Georgia Light, Power & Railway 1st Lien, sinking fund 5s 1941	3.75	3.8	1.25	89	6.05

PUBLIC Utility Bonds up to this summer probably enjoyed the greatest rise of any general class of bonds. Every type of bond, whether good, bad or indifferent showed marked gains. Nevertheless, despite the combing of the entire list a small number of securities were passed by. Perhaps fewer issues have been neglected in public utility bonds than in railroads and industrials. Still, whether for trivial or apparently good reasons, a lower valuation than they deserve has been put upon a baker's dozen or so of public utility bonds.

Apparent bargains among public utility bonds are many; the true reason why they are not bargains is in their nearness to their call price. Usually this is not quite so significant, but it is of course reasonable to assume that in a period of easy financing at comparatively low rates, it would be to the interest of any company to call a loan when refinancing could be carried through at a lower rate than that of the bonds now outstanding.

Barring such spurious bargains, the Public Utility list contains a few issues, the combined yield and capital appreciation of which should in two years net about 9%. These are noted in the table above and following comment.

VIRGINIAN POWER

First Lien and Refunding Mortgage 6½s "A" 1954

This issue, outstanding in the amount of 5 millions, is junior to the First and Collateral Trust Mortgage 5s due 1942, of which 5.9 millions are outstanding. Nevertheless, the ratio of net assets applicable to the junior issue is 1.7, which is an adequate cover.

Company, formed in 1912, operates in West Virginia and in Ohio. All of its assets have been taken over by the American Gas & Electric Company. This change in control and management is not directly related to the bond issues, except in so far as better management increases earnings and higher credit ranking reduces yields on the funded debt.

This issue is secured by a lien on practically all of the physical property and franchises of the corporation and certain subsidiaries, subject of course to the senior issue. Securities of certain subsidiary companies and $1,000,000 of the senior issue are additionally pledged. Upon completion of construction work now pending, $1,000,000 additional of the senior issue is to be pledged to the 1st Lien and Refunding Mortgage 6½s.

Of the adequacy of assets pledged to this issue there can be no question. Low prices for this bond are due almost entirely to the former scant surplus of earnings over interest requirements of funded debt. Such earning surplus has shown steady gains for the last three years, and is now 42% above fixed charges.

Consistent gains in earnings surplus indicate a better position for this bond. At 102 to yield 6.33% it offers a good opportunity. If called at 104, yield would, of course, be greater than indicated.

TWIN STATE GAS AND ELECTRIC

First Lien and Refunding 5½s 1954

Twin State is an old established and conservative utility company operating principally in Vermont and New Hampshire. It furnishes gas and electric light and power and also operates a traction system in Brattleboro, Vt.

Company has announced that it has funds on hand to retire the First and Refunding 4½s, due 1926, and that it will redeem any bond of this issue upon demand. By thus eliminating the senior issue there is left, prior to the First Lien and Refunding 5½s, only $2,462,000 outstanding. This amount includes prior divisional bonds.

Outstanding feature of this issue is the constantly widening margin by which fixed charges are being earned. In 1921, fixed charges were earned 1.58 times, in 1922, 1.89, in 1923, 2.07, and in 1924, 2.46 times. For a district with a stationary population this is an altogether exceptional showing.

This issue is secured by a deposit of the bonds immediately ranking above the First and Refunding 5s due 1953. There are so deposited $1,900,000, which is equal to the outstanding amount of this issue. It is further secured by a general mortgage on the property of the company, subject to prior liens.

In view of consistently increasing earnings, strong financial position and ample security, this issue can be considered undervalued. At 97 to yield 5.78% it is out of line.

CLEVELAND ELECTRIC ILLUMINATING

Debenture 7s 1941

Position of this company is such that it is logical to be impressed by the possibilities of its debenture issues. Although there are fully 30 millions in bonds preceding this issue, there are attributable to these debentures net

assets twice the bonds outstanding (5 millions). Apart from the strong assets position, earning power of the company is equally impressive. Fixed charges (interest on funded debt, sinking funds, discounts) were earned 1.99 times in 1921, 2.23 times in 1922, 3.31 times in 1923, and 4.43 times in 1924. The only reason for present price of debentures must be their restricted market as against senior issues of this company which are eligible for savings banks investment in Connecticut. The debentures have every ear-mark of a high-grade conservative issue.

Future earnings of company seem well assured. Principal activities are the furnishing of electric light and power to Cleveland and about forty communities adjacent, as well as supplying power to other utilities operating in Northern Ohio.

At 111½ to yield 5.88% this bond is far below quotations of other bonds of its class. Securities of equal merit in this field rarely yield more than 5.40%.

MOUNTAIN STATES POWER

First and Refunding Mortgage "B" 6s 1938

A leader in the unlisted public utility bond market. Company is part of the Standard Gas & Electric system, and under direction of Byllesby Engineering & Management Corp.

This bond is secured by a first mortgage on all the property of the company. The "B" series, outstanding in the amount of $6,400,000, shares with the "A" series in this prior lien status.

Mountain States Power is a holding and operating company, controlling four groups of electric and gas utilities in Montana, Idaho, Oregon and Washington, serving communities with a population of about 250,000. Much of the territory served is experiencing a rapid growth in population.

Earnings have shown excellent margins over interest requirements. From 1919 to the present date interest on funded debt has been earned more than twice over, with the margin increasing in 1924. Earnings in 1925 show continuation of this steady advance.

Net assets attributable to First Refunding Mortgage "B" 6s are twice the amount outstanding. Not only is the assets position satisfactory, but various restrictions on further issuance guards against a weakening of this ratio.

Call price of 105 brings up an interesting possibility. When recognition of this issue causes it to equal or exceed call price, it might pay the company to call the issue and refinance on a 5% basis. Should this occur in the near future, total yield would be greatly increased.

Fundamental mortgage security, excess of net assets and earning power, possibility of profit on call feature, all combine to make this issue attractive at par.

OHIO VALLEY ELECTRIC RAILWAY

First Mortgage Guaranteed 5s 1946

Ohio Valley Electric Railway is a subsidiary of Consolidated Power & Light Corp., in its turn a subsidiary of American Electric Power Corp. These bonds are guaranteed by American Electric Power Corp., both as to principal and interest, by endorsement.

There are outstanding of this issue $1,891,000, secured by a first mortgage on 47 miles of electric railway operating between Huntington, W. Va., Ironton, Ohio, and Ashland, Ky. Franchises and power supply contracts extend beyond the maturity of these bonds.

There are attributable to these bonds, net assets more than twice the amount outstanding. Interest requirements have been earned approximately twice over for a great many years.

Undoubtedly there are two valid reasons why these bonds are selling at a price well below their investment class. There is no certainty of refunding the loans at maturity, insofar as the franchises are not perpetual, and secondly, current liabilities last year slightly exceeded current assets. In a public utility company this latter factor should not be given undue weight, for financing reasons, and assets position and that of guaranteeing company make the maturing question inconsequential.

On basis of intrinsic merit, these bonds are worth considerably above present quotation, at 82 to yield 6.50% approximately.

INDIANA POWER

20-Year First Lien and General Mortgage Series "A" 7½s 1941

This bond has for some time headed the list in THE MAGAZINE OF WALL STREET Unlisted Utility Bond Index, and it remains as desirable a commitment today as it has been throughout the last few months.

These bonds are secured by a general mortgage on all the property of the company subject to $2,557,000 in prior liens, of which $600,000 represents the First and Refunding 6s of 1956. No more of this issue can be brought out without being pledged as security for the First Lien and General Mortgage series "A" bonds. There are outstanding $1,250,000.

Interest requirements on all funded debt of Indiana Power Co. has been earned by a margin of 80%. Assets position is excellent.

Indiana Power operates throughout Western Indiana and Eastern Illinois and more especially is a seller of power to many systems operating within that area. Population served, including such systems as purchase requirements from the company, is in excess of 150,000.

Indiana Power is a subsidiary of Middle West Utilities, which is a sound and progressive holding company.

In view of earnings position and satisfactory management these bonds at 106 are selling well below their worth.

GEORGIA LIGHT, POWER & RAILWAYS

First Lien Sinking Fund 5s 1941

Georgia Light, Power & Railways is a voluntary Massachusetts Trust which has acquired control of the securities of the Macon Railway & Light Company, Macon Gas Co., Central Georgia Power Co., Central Georgia Transmission Co., and Georgia Public Service Corp.

Subsidiaries furnish electric light and power to Macon and ten other towns, and in addition supply gas and traction services to Macon. They also supply electricity to the utility company which operates in Atlanta.

Of the above issue 6.5 millions are authorized, $3,750,000 outstanding in public's hands, and $742,000 has been retired by sinking fund operations.

This issue is secured by deposit with trustee of all securities owned by the trust of its subsidiary companies, and by demand notes of subsidiaries, somewhat in excess of 2 millions. Any new issues of bonds of subsidiaries must be pledged to this issue.

After making allowance for prior liens, net assets applicable to this issue are 3.8 times the amount outstanding.

Undoubtedly, the reason for the high yield on these bonds is the rather small margin of net earnings over interest requirements, about 25% in 1924. In 1923 the margin was 64%. Fundamental weakness is in variations in water supply.

It is understood that Georgia Light, Power & Railways will soon become part of one of the great systems. It is one of the few independents operating in its region. Such a step would at once improve the status of the issue.

Conclusion

Exceptional drouth has injured earning power, but recurrence of abundant water power and possible entrance into a great system make this issue attractive at 89.

What Our Bond Buyers' Guide Department is Doing for Investors

TO most minds the word, "BOND", immediately suggests the idea, "SAFETY": safety of principal and safety of income. And this is as it should be. But the investor of today is thinking more deeply than the coupon-clipper of old about the meaning of "Safety". He has learned that a fixed income, however regularly paid, may shrink in purchasing power, and hence really turn out to be unsafe. He has learned too that payment of a first mortgage bond in full at maturity, or ultimate settlement in full following a receivership, does not necessarily constitute safety of principal. Why? For the simple reason that the average business man does not hold a bond to maturity, or through a receivership.

In practice, then, safety of principal can be tested by the answer to just one question: "When ready to sell, can I get as much for my bond as it cost me?" And safety of income must be tested by the correlative question: "When ready to sell, can I secure a sufficient profit to compensate me for any shrinkage in the purchasing power of a fixed interest rate?" Of recent years these two fundamental investment principles have gained ground so rapidly that the alert investor is now inclined to ignore the old standards of "Yield to maturity" as too academic for his needs. He thinks only in terms of "Probable yield to date of sale".

These ideas are bringing about a revolution in the bond world which, it must be admitted, is not without danger. "Investing for profit" involves the element of judgment as to the future course of security prices and, in pointing this out, we have defined the word, "Speculation."

Speculation is not for institutions, trustees and dependents; but for such as can afford to assume the risk of mistaken judgment.

To measure the attractiveness of an investment by "Probable yield to date of sale" renders it imperative that errors of judgment be reduced to a minimum. We know of but two ways of accomplishing this: one is for the investor to specialize in finance; the other is to lean heavily upon the counsel of those who have proved successful in rendering investment service. Speculation is not a profitable side line for amateurs.

Our Bond Buyers' Guide Department is conducted for the benefit of investors who lack the time and facilities to keep posted on current opportunities in the bond market. Its recommendations are classified into three groups to meet the requirements of corresponding classes of investors.

The High Grade group is for those who buy bonds with the intention of holding to maturity. At the opposite extreme is our Speculative group, intended for the active man of business who watches his investments, and who can afford to assume a moderate degree of risk in order to secure a higher return upon his surplus capital. The Middle Grade group is for those who wish to combine a high degree of safety of principal and interest payments to maturity with the probability of gradual enhancement in the market value of their investments.

The Two Tables

Old readers are well acquainted with the valuable service rendered by this department; but new subscribers will be interested in the two tables, which afford a very striking review of the practical results obtained this year to date.

Table I is a summary of the total results. Table II shows in detail just how investors in each group would have fared by purchasing a thousand-dollar bond of each issue recommended. We have included all issues showing a paper loss to date with the same frankness that has been displayed in tabulating our successes. It is a complete, not a partial, picture.

Table I. Summary of Results

Pro-rated for Year

This table shows how the risk rises with increasing opportunities for profit. In the High Grade group profits were 37 times the losses, with a net annual return of 9.7%; in the Middle Grade group the ratio of profits to losses dropped to 20 to 1, and the net anual return rose to 11.2%; coming to the Speculative group we find that the ratio of profits to losses has fallen to the relatively low index of 6, but the net annual return upon average capital invested has risen to 13.7%, which is over twice the current yield from interest alone.

GROUP	Average Investment $	Total Number of Issues Recommended	Total Number Showing Profit	Total Number Showing Loss	Annual Rate of Profit $	Annual Rate of Loss $	Annual Rate of Interest $	Annual Rate of Interest %	Total Annual Rate of Return $	Total Annual Rate of Return %
HIGH GRADE	9,754	12	10	2	373	10	580	6.0	943	9.7
MIDDLE GRADE	31,278	40	37	3	1,737	92	1,873	6.0	3,518	11.2
SPECULATIVE	15,011	19	14	5	1,288	227	989	6.6	2,050	13.7
TOTAL	56,043	*69	61	*8	*3,310	*240	3,442	6.1	6,511	11.6

*Noting that the two issues transferred from the Middle Grade to the Speculative Group show a net profit on the year to date; but a profit in one group, and loss in the other.

Table II– Itemized Record of Profit and Loss on Investments Recommended in the Bond Buyers' Guide

	Closing Price 12-31-24	Recent Price	Gain ($) —per $1,000 Bond—	Loss ($) —per $1,000 Bond—	Period Covered (Months)
HIGH GRADE (For Income Only)					
Non-Callable Bonds:					
Great Northern—genl. 7s, 1936, "A" ....(c)	109⅞	110¼	8.75	......	9
Atlantic & Danville—1st 4s, 1948 ....(a)	76½	78¾	22.50	......	9
Indianapolis & Louisville—1st 4s, 1956 ....(a)	77	d-77	......	......	1
Western Union—6½s, 1936 ....(a)	111	110½	......	5.00	9
N. Y. Edison—1st ln. & rfd. 6½s, 1941, "A" ....(b)	112⅝	114⅞	22.50	......	9
Chicago & Northwestern—sec. g. 7s, 1930 ....(b)	107⅞	107⅝	......	2.50	9
Delaware & Hudson—sec. g. 7s, 1930 ....(b)	109	109	......	......	9
New York Dock—1st 4s, 1951 ....(a)	78	80½	25.00	......	9
Callable Bonds:					
Armour & Co. Real Estate—1st 4½s, 1939 ....(a)	85	88½	35.00	......	9
Laclede Gas Light—col. & rfd. 5½s, 1953, "C" ....(c)	95½	100⅝	51.25	......	9
Philadelphia Co.—1st & rfd. col. tr. 6s, 1944, "A" ....(c)	102	g-104½	25.00	......	2
Canadian General Electric—deb. 6s, 1942 ....(a)	107½	h-107½	......	......	6½
MIDDLE GRADE (For Income and Profit)					
Railroads:					
Cuba R. R.—1st 5s, 1952 ....(a)	83½	87½	40.00	......	9
St. L. & S. F.—prior ln. 4s, 1950, "A" ....(c)	71⅜	77½	61.25	......	9
Western Pacific—1st 5s, 1946, "A" ....(c)	90¼	94¼	40.00	......	9
New York, Ontario & Western—1st rfd. 4s, 1992 ....(a)	68	69½	15.00	......	9
Missouri Pacific—1st & rfd. mtg. 6s, 1949, "D" ....(b)	99	101½	15.00	......	9
Baltimore & Ohio—cv. 4½s, 1933 ....(b)	89½	93½	40.00	......	9
Baltimore & Ohio—rfd. & gen. 5s. 1995, "A" ....(b)	85½	92	65.00	......	9
Missouri, Kansas & Texas—prior ln. 5s, 1962 ....(c)	86⅜	95⅝	97.50	......	9
Boston & New York Air Line—gtd. 1st 4s, 1955 ....(a)	67½	73	55.00	......	9
Kansas City Southern—rfd. & imp. 5s, 1950 ....(a)	89	91⅜	28.75	......	9
Minneapolis, St. Paul & Sault Ste. Marie—col. tr. 6½s, 1931 ....(a)	102⅞	102⅞	......	......	9
Rutland R. R.—1st cons. 4½s, 1941 ....(a)	86	88	20.00	......	9
Chesapeake & Ohio—cv. 5s, 1946 ....(b)	106½	f-104	......	25.00	1½
Industrials:					
South Porto Rico Sugar Co.—1st col. s. f. 7s, 1941 ....(b)	102	105½	35.00	......	9
Sinclair Pipe Line—s. f. 5s, 1942 ....(b)	82	84⅜	27.50	......	9
Goodrich (B. F.) Co.—1st mtg. 6½s, 1947 ....(b)	100½	104½	40.00	......	9
Pan American Petroleum & Transport—s. f. cv. 6s, 1934 ....(c)	102⅞	f-110⅝	78.75	......	1½
California Petroleum Corp.—s. f. 6½s, 1933 ....(c)	100⅞	104¼	35.00	......	9
International Paper Co.—1st & rfd. cv. s. f. 5s, 1947, "A" ....(a)	88	91⅛	31.25	......	9
U. S. Rubber—1st & rfd. 5s, 1947, "A" ....(c)	85	89¾	47.50	......	9
Bethlehem Steel—pur. mon. & imp. s. f. 5s, 1936 ....(a)	90¼	92⅝	26.25	......	9
Armour & Co. of Del.—1st 5½s, 1943, "A" ....(c)	91¾	93¼	15.00	......	9
Anaconda Copper Mining Co.—1st cons. s. f. 6s, 1953, "A" ....(b)	99¼	101	17.50	......	9
Union Bag & Paper Co.—1st mtg. 6s, 1942, "A" ....(b)	95	97 3/8	27.50	......	9
Cuba Co.—6s, 1935 ....(b)	i-91⅜	92⅜	10.00	......	1
Consolidation Coal Co. Md.—1st & rfd. s. f. 5s, 1950 ....(a)	i-83⅝	83	......	3.75	1
Public Utilities:					
Manhattan Ry.—cons. 4s, 1990 ....(a)	63¼	61	......	22.50	9
Amer. Water Works & Elec.—col. tr. 5s, 1934 ....(c)	92½	96	35.00	......	9
Ohio Public Service—1st & rfd. 7s, 1947, "B" ....(c)	107½	110	25.00	......	9
United Fuel Gas—1st s. f. 6s, 1936, "A" ....(b)	98	102	40.00	......	9
Virginia Ry. & Power—1st & rfd. 5s, 1935 ....(a)	93⅞	j-96⅜	30.00	......	8
Hudson & Manhattan—1st ln. & rfd. 5s, 1957, "A" ....(c)	86½	92¼	57.50	......	9
American Gas & Electric—6s, 2014, "B" ....(c)	95	97½	25.00	......	9
Kansas Gas & Electric—1st s. f. 6s, 1952, "A" ....(b)	98	102½	45.00	......	9
Havana Elec. Ry. Light & Power—gen. s. f. 5s, 1954, "A" ....(a)	85⅝	j-94	82.50	......	8
American Power & Light—deb. 6s, 2016 (old, without warrants) ....(c)	93¾	96	22.50	......	9
Commonwealth Power Corp.—s. f. 6s, 1947 ....(c)	97¾	101⅞	41.25	......	9
Dominion Power & Transmission—1st 5s, 1932 ....(a)	93	d-93	......	......	1
Manitoba Power Co.—7s, 1941 ....(c)	98½	104	55.00	......	9
Market St. Ry.—1st s. f. 7s, 1940, "A" ....(b)	i-99	100½	15.00	......	1
SPECULATIVE (For Income & Profit)					
Railroads:					
Chesapeake & Ohio—cv. 5s, 1946 ....(b)	f-104	116⅜	127.50	......	7½
Erie—1st cons. genl. ln. 4s, 1996 ....(b)	64	72½	85.00	......	9
St. Louis & San Francisco—Adj. mtg. 6s, 1955, "A" ....(c)	85⅜	93⅞	81.25	......	9
Missouri, Kansas & Texas—cm. cv. adj. 5s, 1967, "A" ....(c)	77	90¼	131.25	......	9
International Great Northern—adj. mtg. 6s, 1952, "A" ....(c)	67⅜	78⅛	107.50	......	9
Chicago Great Western—1st 4s, 1959 ....(a)	60¼	64⅛	38.75	......	9
Western Maryland—1st 4s, 1952 ....(a)	63⅜	67	33.75	......	9
Rock Island, Ark. & Louisiana—1st 4½s, 1934 ....(c)	85⅛	88⅛	28.75	......	9
Industrials:					
Pan American Petroleum & Transport—s. f. cv. 6s, 1934 ....(c)	f-110⅝	106¼	......	41.25	7½
Cuba Cane Sugar—cv. deb. 7s, 1930 ....(c)	94½	94	....	5.00	9
International Mercantile Marine—1st col. tr. s. f. 6s, 1941 ....(b)	58⅜	85⅛	......	32.50	9
American Agricultural Chemical—1st rfd. s. f. 7½s, 1941, "A" ....(b)	95¼	103¾	85.00	......	9
Warner Sugar Refining Co.—1st mtg. 7s, 1941 ....(c)	e-95½	92⅜	......	31.25	8
Public Utilities:					
Empire Gas & Fuel—1st & rfd. cv. 7½s, 1937, "A" ....(c)	98	104½	65.00	......	9
Brooklyn-Manhattan Transit—s. f. 6s, 1968, "A" ....(c)	82¾	90	72.50	......	9
Chicago Railways—1st 5s, 1927 ....(a)	83½	77½	......	60.00	9
Hudson & Manhattan—adj. income 5s, 1957 ....(b)	68¼	76½	82.50	......	9
Interboro Rapid Transit—1st & rfd. 5s, 1966 ....(a)	67⅞	69⅜	16.25	......	9
Third Ave. Ry.—1st rfd. 4s, 1960 ....(b)	55	56½	11.25	......	9

(a) Lowest denom., $1,000. (b) Lowest denom., $500. (c) Lowest denom., $100. d—Withdrawn from Table Jan. 31. e—Added to Table Jan. 31. f—Transferred from Middle Grade into Speculative group, Feb. 14. g—Withdrawn from Table Feb. 28. h—Withdrawn from Table July 18. i—Added to Table Aug. 29. j—Withdrawn from Table Aug. 29.

Legal Methods of Minimizing Income Taxes

What an Ounce of Prevention Might Be Worth in Your Case

By M. L. SEIDMAN, C.P.A.
of Seidman & Seidman, Tax Experts

THE proverbial ounce of prevention is worth a great deal more than the equally time-worn pound of cure where income taxes are concerned This is simply because in a great many cases the result of a closed transaction cannot in any way be cured. The ounce of prevention therefore becomes the sole and only cure.

Illustration

The proposition can be demonstrated very simply. Take the situation where the business man approaches his accountant and tax adviser with the following proposition: "On January 1, 1923, I bought one thousand shares of the X Company stock, for which I paid $100,000. On December 31, 1924, I sold the stock for $200,000, making a profit of $100,000. What can I do to minimize my tax liability on this profit?"

The answer is "You can do nothing, for the transaction is closed and its tax effect is sealed." "However," would proceed the tax adviser, "if you had consulted me on this item on December 30, 1924, I would have advised you not to sell the stock until January 1, 1925. By waiting one day, the tax bill might have been reduced by some $30,000 because since you are in the maximum surtax class you are paying 46% of the profit in taxes on ordinary gains, whereas your tax on capital gains would be only 12½%. All you needed to do to make this profit a capital gain was to wait one day, for according to the law, a capital gain results from the sale of an asset held by a taxpayer for more than two years. You sold this asset a few hours before your two years were up; therefore, it is an ordinary gain, not a capital gain, and accordingly subject to the full surtax rates."

Clearly, the proposition is one upon which no advice is possible after the consummation of the deal. There is no cure.

Take another illustration, perhaps equally as emphatic. The tax expert is approached by the president of the M Company with this proposition: "My company has been absorbed by other interests to which we have sold our machinery, plant, goodwill, franchises, processes, etc., for $2,000,000 in cash and some of their stock. In addition we have in our treasury Liberty Bonds and other marketable securities to the extent of $500,000. The sale has resulted in a profit to us of $1,000,000. How much must be reserved in the treasury for income taxes on this transaction? We intend to distribute the balance to stockholders." Here again, the answer must be, "The $1,000,000 profit is subject to the full tax of 12½%, the rate imposed upon corporate profits. However, had you distributed all other assets to your stockholders before the $2,000,000 sale, there would be no tax at all to your company. This merely for the reason that under the 1924 Revenue Act the acquisition by one corporation of *substantially all* the properties of another corporation constitutes a 'reorganization,' and therefore no tax accrues to the liquidating company. In your case you did not transfer substantially all the properties, since at the time of such transfer you still had bonds and other securities in your treasury. Had you distributed these bonds and securities to your stockholders before the actual transfer of the other properties was made to the buyer, you can readily see that you then would have been transferring substantially all of the company's property and therefore would have come squarely within the exemption provision. Of course, you are now ready to distribute these bonds and you argue that the result is absolutely the same to all concerned. So it is, except to the government." The ounce of prevention in this case was worth $125,000; the cure is worth nothing for there is no cure.

One can continue almost indefinitely to submit illustrations demonstrating the importance of the full knowledge of the tax effect of a given transaction before it is consummated. However, I believe that the two illustrations already given bring home the point clearly. In reply to the specific question, therefore, as to just how a tax expert can help the ordinary business

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man, I would say that the business man should consult his tax counsellor freely and do so in time.

Authority as to Legal Rights

That it is within one's legal rights to conduct his business and to arrange his affairs in such a manner that his tax liability will be reduced to a mimimum has been established beyond doubt. It is one thing for a man to try shaving his tax liability by improper methods, and quite another thing for a man to fully understand the law and regulations governing each important transaction and be guided by the course which is least costly to him. A case in point will bring home this thought very clearly.

During the year 1918 the Thrift Oil and Gas Co. was organized. Subsequently oil was discovered and the operations of the company were very successful. A sale of the property was contemplated at a very material profit, and realizing that if such property were sold by the company a large profit would have to be returned as taxable income, the persons interested created trusts to which were assigned all of such assets.

Within one month after being assigned, the entire assets were in fact sold by the trustees, and the proceeds distributed to the beneficiaries. The Solicitor of Internal Revenue, with regard to this transaction and the transfer of the property to the trusts, said, "Such change being made for the main purpose of avoiding the tax which would accrue to the corporation had the sale been made by it, should be disregarded as a mere sham to avoid assessment of tax, and the corporation should be required to return as income any profit derived, as though the sale had been made directly by it." Under the old law the corporation had no recourse but to pay the tax and sue for refund, which it did. This refund the United States District Court granted, and in passing upon the case, said in part as follows:

> *The acts of the company in dissolving and forming a trust were not illegal or a fraud on the government, but a prudent, business act altogether different from tax dodging, the hiding of taxable property or the doing of some unlawful or illegal thing in order to avoid taxation. . . . It is not made ineffectual because the motive impelling the change is to reduce or avoid taxation in the future. The right to do so is an incidental right, inseparably connected with an individual's right to own and control his property. It is practically identical with the sale by a citizen of tax-burdened securities and the investment of the proceeds thereof in tax-exempt ones for the purpose of reducing or avoiding taxation.*

In other words, the court clearly recognizes that as long as a man keeps within the law he has a right to reduce his tax liability to a minimum, and that it is nothing but a prudent, business act for him to attempt to do so. Clearly, therefore, in the light of the extreme complication in the provisions of the Revenue Act and regulations and decisions under it, the most effective cooperation between the tax expert and the business man is along preventive lines.

Prevention is Not the Only Point of Contact

That, however, is not their only point of contact, for having followed a certain line of procedure, it is extremely important that all records and other data clearly bear out the position taken.

Whether or not one has taken the precaution of keeping his tax liability down to a minimum before the filing of his tax returns, it is still necessary for him to keep his records in such a manner that they will clearly substantiate his tax returns when they are eventually audited by the Treasury Department. A great many additional assessments have been made, perhaps justifiably, merely because the taxpayer's records did not clearly bear out his figures on the returns. One must remember that ordinarily a set of records are kept to suit one's business needs, and therefore not arranged in such a way that the figures will logically fit into a tax return. Some reconciliation, therefore, should be prepared and retained for the time when it will be necessary to explain the make-up of these figures. When a taxpayer is unable to reconcile his own figures, he certainly should not expect a government agent to give him the benefit of any doubt which may exist as to what are the correct results.

The man who is an accountant and is also well versed in tax matters knows exactly how to construct his accounts, from a bookkeeping point of view, to suit the business, and have at the same time, readily and easily available, full information to satisfy a revenue agent. I have in mind a situation where a very material additional tax was assessed because of the fact that a repair account, apparently abnormal in amount, could not be substantiated by the taxpayer. Bills paid were for material and labor, but there was no sufficient description showing whether the expenditures represented repairs or whether some improvements or betterments resulted from such expenditures. The cost of an improvement or betterment cannot be deducted as an expense; repairs can be so deducted. If one seeks to deduct an expenditure from his income, he ought to be reasonably able to show the nature of such an expenditure.

Take the matter of an account kept with a stock broker. If all of the transactions with such a broker, consisting as they do of purchases, sales, margin advances, interest payments, dividend receipts, etc., are dumped into one account, with transactions fairly active throughout the year, how can one expect to keep a government investigator in good humor while he is trying to get at correct results? The tax man, who is well acquainted with what a government investigator can reasonably expect to ask for, is in a position to arrange the taxpayer's records and supporting data in such a manner that the information is there when wanted. The psychology of a man working against odds and trying to fathom the facts and figures on the taxpayer's books as against one who finds exactly what he is after in the shortest possible time, must necessarily work against the taxpayer—this aside from any other question which may be involved as to the taxability or non-taxability of any particular item involved.

Effect of Additional Assessment

Quite likely the business man will agree with what has been said so far about what should be the relationship between himself and his tax counsellor. But the time he realizes most keenly that he needs help is when he is confronted with an additional assessment of a substantial amount imposed upon profits, which have perhaps long ago been spent. Next to the prevention at the source of difficulty in the future this is the second point of importance where the accountant and tax consultant can be of real help to the business man.

Additional taxes are not always justified, and in a great many in-

(*Please turn to page* 1145)

THIS article shows how large tax payments on business and other profits can be minimized by preventing the situation which would cause the tax rather than by trying to avoid it after the transaction has been completed. The author of this article has had large experience in the field and his remarks are well worth considering as they may mean the difference of thousands of dollars to you.

Industrials

Why Do Companies Pay Dividends in Stock?

Company	Earned per share 1924	Payment in Cash per share	Payment in Stock per share %	*Cash value of Stock payment per share	Present Price	Yield %
Childs Co.	$ 6.13	$2.40	4.00	$2.72	68	7.5
Continental Can	9.49	4.00	5.00	3.75	75	10.3
General Electric	21.09	8.00	5.00	5.50	304	4.5
Schulte Retail Stores	10.57	....	†8.00	8.96	104	8.6
United Cigar Stores	4.68	2.00	5.00	4.10	82	7.5

*Based on current price of stock. †Paid in 8% preferred stock. ‡Paid in 6% special stock.

THEORETICALLY, the payment of stock dividends confers no benefit on shareholders, as it no way changes the extent of their proportionate interest in the company. From a practical viewpoint, however, stock dividends now paid as a regular affair by many companies may properly be considered as income, and, in some cases, are more valuable than a cash distribution.

The fact that a company pays dividends largely in stock instead of in cash does not necessarily indicate weakness in the financial structure. For example, a corporation may find its business expanding so rapidly that it has good use for surplus earnings, and instead of resorting to new financing adopts the policy of paying stock dividends, conserving its cash.

If the company is well managed and uses its surplus advantageously, shareholders are likely to benefit more in the long run through a stock dividend policy than through large cash payments.

Of course, some stock dividends mean little or nothing and should not, in any sense, be regarded as income: an example is the 60% stock dividend declared by Standard Milling in 1923. After the payment of this dividend, the cash dividend was reduced so that shareholders received no greater return after the stock dividend was paid than before. The company had accumulated a large surplus during the war period and decided to reduce this surplus through a stock dividend as there was some fear at the time of legislation that would tax undivided surpluses. Shareholders obviously did not benefit.

A stock dividend to be properly considered as income should really represent current earning power rather than surplus assets acquired in previous years.

In the following article, five companies which make part of their payments to shareholders through stock dividends are briefly analyzed.

CHILDS COMPANY

A steady growth in earnings of Childs Company has been witnessed since this business was first started in New York City in 1889. The company today is operating a chain of 106 restaurants throughout the United States and Canada, which do a cash business of close to 25 millions annually. The real estate operations are large and bring in substantial additional revenue. For example, gross restaurant sales for the first quarter of 1925 were increased from 5.8 millions to 6.1 millions by rentals received from property not used for stores. The company's rented properties are held at advantageous leases running for long periods and the appreciation in the value of these leaseholds runs into very large figures. Dividends are now being paid on the common stock at the rate of $2.40 per share in cash and 4% in stock.

For the year ended December 31st, 1924, earnings were equivalent to $6.18 a share on the common stock, but this does not include appreciation in the value of the company's real estate or leaseholds.

In the current year, the company's business has shown improvement. In August, sales of meals was the greatest in the company's history and earnings for the full year promise to show a substantial increase over 1924.

At present levels of 68, assuming that the stock received as a dividend is disposed of, the return is 7.5%. While it is true that earnings as reported by the company do not appear large enough to support the current stock dividend indefinitely, the valuable equities in real estate are of sufficient importance to warrant the belief that the present dividend policy can be maintained.

CONTINENTAL CAN

Continental Can Co. is one of the important factors in the canning industry which has enjoyed remarkable growth in the past five years. By adopting a conservative dividend policy, the company has been able to expand its business and keep clear of funded debt and bank loans. In the past three years, for example, approximately 4 millions have been paid out in dividends, whereas over 7 millions have been ploughed back into the property.

With earnings steadily mounting, the management decided to adopt a more liberal policy toward shareholders, and in 1924 and the current year 5% was paid in stock in addition to the regular cash dividend of $4 per share per annum.

In view of the steadily increasing earning power and the excellent outlook for the industry, indications are that

the present dividend policy can be continued indefinitely or until such time as the company has accumulated sufficient cash to warrant the payment of the entire dividend in cash. Assuming that the stock received as a stock dividend is disposed of around the current market price, Continental Can gives a return, at present levels of 75, of slightly over 10%.

GENERAL ELECTRIC General Electric has the reputation as being one of the best managed industrial organizations in the country. For a long period of years cash dividends have been maintained at 8% despite the fact that earnings as reported by the company during the past ten years have averaged over 18%, but in view of heavy deductions for reserves, betterments, etc., the actual earning power of the company is far greater than shown in the annual reports. In addition, the increase in value of the company's outside holdings have never been reflected in the income account. In order to give shareholders greater participation in the company's earnings, General Electric in 1918 paid a stock dividend of 4%. This rate was maintained until 1922, when 2% in common stock was paid and in addition 5% in 6% "special" stock. Since 1922 stock dividends of 5% in the 6% "special" stock have been paid annually.

By adopting this dividend policy, General Electric accumulated large cash reserves, thus giving the management a free hand to expand the operations of their company. As a result, tremendous equities have piled up for shareholders. In December, 1924, common stockholders received one share of Electric Bond & Share Securities Corporation stock for each share held and the stock of the latter company is now selling on the New York Curb around $65 a share.

Further melons are in store for shareholders. General Electric has a large stock interest in Radio Corporation of America, and other very valuable holdings. In the balance sheet, General Electric carries investment securities at 51.8 millions and, in addition, investments representing interests in properties having no direct relation to its manufactured products are carried at 12.7 millions. As the company's policy in the past has been to value investment holdings at original cost and not to mark up the valuation when the latter increases, these figures unquestionably far understate the value of the company's security holdings.

SCHULTE RETAIL STORES As in the case of United Cigar Stores, Schulte Retail Stores conducts extensive operations in the real estate field in which it also has been highly successful. In the beginning, real estate operations of the company consisted only of handling and securing desirable locations for stores, but in recent years this has expanded to such an extent that the company is now classed among the largest operators. In June of this year, a new subsidiary was organized known as the Schulte Real Estate Co. with a funded debt of 10 million dollars, to deal exclusively in high grade New York real estate. This company will buy properties in fee whereas the other Schulte real estate organizations will discontinue this practice and deal exclusively in leaseholds. As an example of the extensive operations conducted by the company in real estate may be cited the fact that the Aeolian Building last year was purchased and resold, netting a profit of one million dollars.

The company's earning statements include part of the profits derived from real estate operations, but not all. In 1924, net income was 4.3 millions, equivalent to $10.57 a share on the common stock, but this did not include the one million dollars profit derived from the Aeolian Building sale. President D. A. Schulte has estimated that profits this year will be about 10% greater than they were in 1924.

Dividends on Schulte common stock are being paid at the rate of $8 per share per annum of 8% preferred stock. This preferred stock is entitled to a high investment rating and sells around 112. Obviously, this stock dividend is more desirable than cash. Assuming that the preferred received as a dividend is sold, at the present market price the return on Schulte stock now selling around 104 would be 8.6%.

The idea of the management in distributing dividends in 8% preferred stock instead of in cash is that it can use the cash thus conserved in such manner that it will bring the company a considerably greater return than the 8% which is paid on the preferred stock. The record of the company up to the present time has demonstrated that such is the case, and that the present dividend policy is justified.

UNITED CIGAR STORES United Cigar Stores pays dividends at the rate of $2 per share per annum in cash, and 5% per annum in stock.

As a natural corollary to the maintenance and expansion of its nationwide chain of retail tobacco stores, United Cigar Stores carries on an extensive business in the purchase and sale of real estate and leases. Profits from its real estate operations are included only to a very limited degree in the income accounts reported by the company, and it is from this so-called "leasehold valuation account" that common stockholders are being paid the annual 5% stock dividend. dend. Earnings from the company's retail tobacco business alone are sufficient to cover the annual cash dividend of $2 a share about twice over. The management is unquestionably in a position to pay a higher cash return, but as real estate operations are expanding surplus earnings can be advantageously reinvested in the business. Stockholders in the long run should benefit more by the present dividend policy than they would by receiving a greater cash return at this time.

Leasehold valuation account is carried on the books of the company at around nine millions, whereas the present value is estimated to be in excess of 30 millions. The stock dividend payments by this company obviously represent current earning power, and can be considered as income. At 83, assuming sale of stock dividend, yield is 7.5%.

Features of the Next Issue

1. Ratings of All Important Listed Mining and Oil Securities
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2. Stocks Which Have Not Yet Participated in Upward Trend of Market

3. The Merger Situation and Companies Which It Is Likely to Affect

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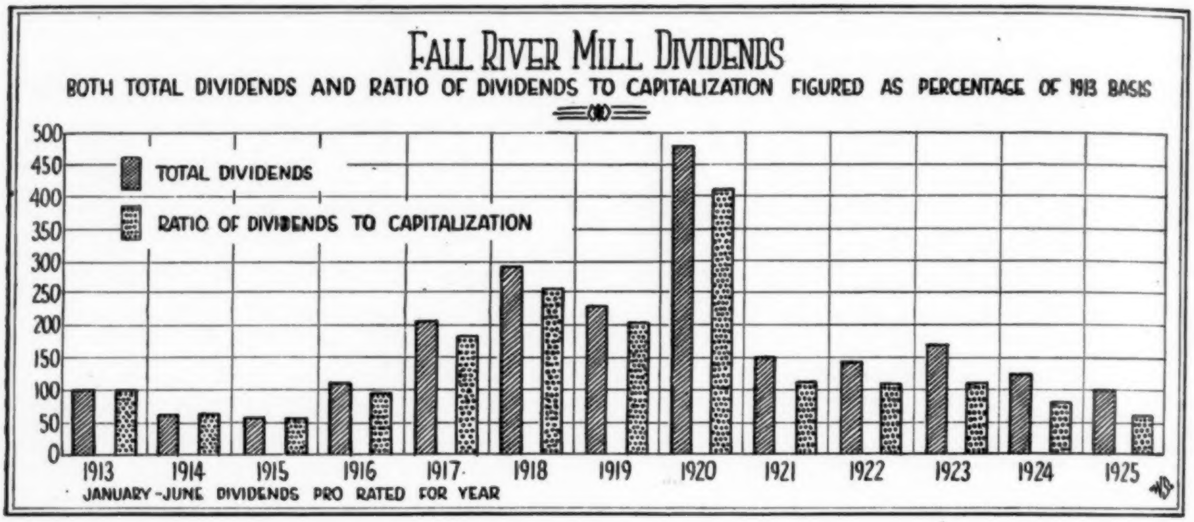
Return of Textile Activity Heralds New Opportunities for Investors

A List of Especially Attractive New England Mill Stocks



DEPRESSION is passing in the New England Textile field. Fall River and New Bedford stocks after having seen the lowest levels in a generation are staging a come-back. As yet, optimism has been slow in asserting itself because the continuity of the gains made this year was not taken for granted. But there can no longer be any doubt that 1924 represented the low point of the industry and that from now on conditions ought to show a fundamental improvement.

Cotton consumption in August was 91% of 1919 as against only 72% in August, 1924. Consumption by textile mills has risen from 357,000 bales in August, 1924, to 449,000 bales in August, 1925. A larger proportion than last year represents New England consumption as the drouth that is dominating the southeast had led to a sharp curtailment of southern production. This is still truer in the case of spindle activity. Active spindles in August were 31,720,000 as against 29 millions in August, 1924. For New England the increase was 8%.

Part of this improvement is temporary and part permanent. Undoubtedly, textile mill shutdowns in New England and enforced shutdowns in the south has resulted in making cotton goods more of a seller's market than for some time. In fact, there has been a slight tendency away from hand-to-mouth buying. While such influences are stimulating they are hardly permanent.

More permanent gains are largely due to silk and rayon mixtures. The dead tone of goods is made lustrous by these admixtures and hence a new type of demand has been stimulated. For fine cottons especially this change in public taste is important. Worsteds also are coming into their own as purchasers have discovered that woolen goods are too soft for many uses in which they had been styled.

Not all is well in New England. It is still true that many of the mills have antiquated equipment and expensive management. There is much talk in Fall River of consolidating many mills and dismissing expensive superintendents, etc. Wages, despite the ten per cent reduction, may still be higher in New England than in the south, but its greater efficiency makes the per unit cost difference less than has been thought. Generally speaking, mill news is of a constructive nature.

Herewith are presented brief analyses of several of the more important New England mill stocks.

DARTMOUTH MFG. CO. Fine cotton manufactures are concentrated principally in New Bedford, Mass. A leader in the industry there is Dartmouth Manufacturing. It manufactures silk-filled goods, specializing in novelties requiring special yarns of cotton or silk. Its fine cotton goods embrace plain, fancy and Jacquard lines. With 200,000 spindles and 5,700 looms the concern has an enormous capital investment. Real estate and machinery are carried at $3,859,000, but the cost of reproduction of the spindles alone would be many times the valuation.

With plant and machinery greatly undervalued, it is interesting to note that Dartmouth has almost no business liabilities. Current assets are 65 times current liabilities—a ratio so unusual as to surprise. Current assets consist of inventories of cotton, of stock in process and finished merchandise, amounting to $2,042,000 and cash and bills and accounts receivable of $1,624,000. Current liabilities consist of $56,000 in accounts payable, only.

Capital structure is simple. Preferred stock (five per cent cumulative) is outstanding to the full authorized amount of $600,000. Common stock (par $100) was formerly 2 millions but was increased in 1923 by a stock dividend of 100% to 4 millions. New working capital per share reveals $600 for the preferred and $75 for the common stock; also unusual ratios.

While past dividend policy had been lavish, in 1924 the common was put upon an 8% basis, which is the prevailing rate. At the current price of 150 the yield is 5.33%.

In view of the unusual strength of Dartmouth, the only question for the investor must be whether it will be enabled to pay a higher dividend rate in the future. Cash dividends alone for the last fifteen years have averaged nearly 20% per annum. Can Dartmouth again equal this record?

In 1923, which was far from being a good textile year Dartmouth earned $23.50 per share of common stock. Obviously if the recovery in 1926 barely equals the poor showing in 1923, Dart-

mouth will yield a considerable profit to the investor. In view of the great prestige of Dartmouth and its products, it will share to the full in any recovery in fine cottons.

Recovery in fine cotton business coupled with the fact that Dartmouth earned its dividend in the worst of depressions make Dartmouth one of the outstanding opportunities in New England mills stocks. This stock is traded in New Bedford.

NASHAWENA MILLS This is one of the New Bedford fine cotton group, manufacturing in addition to fine cotton, Jacquards, fancy weaves, novelties, combed yarns, etc. Equipment consists of 203,000 spindles and 4,400 looms. The company has strong selling connections.

Balance sheet is simple and conservative. Plant and fixed assets are valued at 7.5 millions, considerably below reproduction costs. Current assets consist principally of inventories (2.2 millions) but cash and receivables account for $900,000. Current liabilities are $834,000 of which $773,000 were payables. The only other liabilities are capital stock, reserves and a surplus of $1,445,000.

Capitalization is simple, the only class of capital stock being outstanding to the authorized amount of 6 millions. Offering of 1.5 millions of additional stock at $100 is being made to purchase Manomet Mill No. 3. This acquisition, it is estimated, will add 34% to Nashawena's production capacity. Increase of capitalization is only 25%.

Without taking into account this increased potential earning capacity, Nashawena deserves careful attention on account of its recent earnings. Whereas net sales fell off from 9.5 millions in 1923 to 6.9 millions in 1924, it nevertheless nearly earned its dividend. In 1923, earnings were at the rate of $23.32 per share, and the dividend disbursement $8, whereas despite the slump, $7.25 was earned in 1924, which justified continuation of the $8 rate. For the first six months of 1925 Nashawena has shown earnings at the rate of $22.50 per share before depreciation offset, and at about $18 per share net. Dividend rate of $8 is prevailing but it is obvious, in view of the possibilities of increased earnings in fine cottons that two years of such earnings would justify considerable extra dividend disbursements.

While Nashawena is not in so strong a capital position as Dartmouth and has not shown as great an earning power per share it has a special appeal. Its price is lower ($115) and yield higher, approximately 7%.

Demonstrated increased earning power and high yield make Nashawena Mills an attractive commitment. This issue is listed in New Bedford.

PEPPERELL MANUFACTURING CO. Pepperell is organized as a Trust, a form common among New England Mills. It is a leader in the manufacture of cotton sheetings. Other products are flannels, drills and shirtings. Pepperell has recently begun an intensive advertising campaign, especially in New York City. It is a rare event for a New England mill to enter this direct-to-consumer advertising field. "Lady Pepperell" trade name is being popularized and advertising is both clever and effective.

Pepperell not only has giant plants (290,000 spindles and 7,500 looms) but it is understood to hold additionally a third interest in the Lewiston Bleachery.

Plant valuation of 3 millions is extremely conservative. Working capital is extensive, there being a ratio of sixteen to one of current assets to current liabilities. Current assets were 10 millions, consisting of 2 millions cash, 5 millions receivables and 3 millions cloth. Current liabilities consisted only of $600,000 reserve against bad debts. The strong cash and business position of the company is thus clear.

Capitalization is equally favorable. Pepperell follows the less spectacular but excellent method of having one class of capital stock only. There are outstanding and authorized $7,668,000. The Trust has neither a funded or floating debt outstanding. All assets and earnings are therefor attributable to capital stock alone.

Depression hit Pepperell to a large extent, but not so as to wipe out earnings. Whereas in 1923 (ending June 30th) earnings were $13.80 per share, in 1924 (ending June 30) they had sunk to 74 cents per share. Dividend rate of $8 was maintained, largely out of surplus.

Revival in textiles has affected Pepperell more favorably than most of the New England Mills. Work has been resumed on full time and even night work has been ordered. Obviously Pepperell is entering upon a period of full prosperity. In view of the simple capital structure, all of this prosperity should redound to the benefit of shareholders.

Pepperell's lead in textile revival and its extremely conservative assets

Forty Representative New England Textile Mills

—not including those in text—

	Spindles (Thousands)	Capital Stock in Millions	Dividend Rate Dollars per Share	Price Bid	Price Asked
Acushnet Mills (NB)	114	$2.0	$6.00	80	..
American Linen (FR)	100	0.8	...	..	40
Amoskeag Mfg. (Trust)	750	84,000 pfd. sh. 345,000 com. sh.	4.50 Pfd. only	Pfd. .. Com. ..	84 78
Androscoggin Mills	82	2.0	6.00*	85	90
Appleton Co.	116	0.6	20.00*	..	470
Bates Mfg.	110	2.7	12.00	225	235
Berkshire Cotton Mfg	260	5.0	10.00	143	148
Boot Mills	120	1.25	7.00	105	..
Border City Mfg. (FR)	118	1.8	...	..	75
Butler Mill (NB)	155	2.3	8.00	116	..
Chace Mills (FR)	114	1.2	...	..	40
Davis Mills (FR)	130	2.5	6.00	88	..
Dwight Mfg.	209†	6.0	...	25	30
Everett Mills	143	2.1	...	60	..
Fairhaven Mills (NB)	154	Pfd. 2.0 Com. 1.5	...	Pfd. .. Com. ..	30 25
Flint Mills (FR)	110	1.74	4.00*	97	..
Granite Mills (FR)	121	1.2	...	67	..
Great Falls Mfg.	125	2.5	...	17	..
Grinnell Mfg. (NB)	116	1.5	6.00	105	..
Hamilton Mfg.	160	3.6	...	31	35
Hathaway Mfg. (NB)	107	2.0	6.00	..	117
Kilburn Mill (NB)	126	2.25	8.00	122	..
Lincoln Mfg. (FR)	148	2.25	...	78	85
Lyman Mills	126	1.47	8.00	122	127
Manomet Mills (NB)	318	8.0	...	32	..
Mass. Cotton Mills	278‡	5.0	6.00	96	99
Merchants Mfg. (FR)	140	1.5	4.00	83	90
Nashua Mfg.	188	Pfd. 4.7 Com. 6.2	7.00 Pfd.	Pfd. 94 Com. 61	99 64
Nonquit Spinning (NB)	196	4.8		47	52
Parker Mills (FR)	230	Pfd. 1.25 Com. 1.2	...	Pfd. .. Com. ..	40 25
Pierce Mfg. (NB)	116	0.6	32.00	400	450
Pocasset Mfg. (FR)	123	1.2	...	28	38
Ponemah Mills	161	Pfd. 1.7 Com. 1.5	7.00 Pfd. 6.00 Com.	Pfd. 95 Com. 125	105 ..
Sagamore Mfg. (FR)	148	3.0	12.00	225	..
Sharp Mfg. (NB)	200	Pfd. 1.16 Com. 2.65	...	Pfd. 62 Com. 38	.. 42
Tremont & Suffolk Mills	220	2.0	...	43	..
Union Cotton Mfg. (FR)	109	1.8	6.00	107	115
Wamsutta Mills (NB)	210	6.0	6.00	86	90
Whitman Mills (NB)	178	3.0	6.00*	93	98
York Mfg. (Maine)	112	3.6	4.00	77	82

NB—New Bedford market. FR—Fall River market.
* May disburse more than regular dividend rate in 1925.
† Including 74,000 spindles in Southern mills.
‡ Including 102,000 spindles in Southern mills.

position justify considerably higher prices for the stock. At 140 it is an outstanding opportunity. Pepperell has an active market in Boston.

NAUMKEAG STEAM COTTON COMPANY Naumkeag specializes in sateens. It is also prominent in the manufacture of sheetings, sheets and pillow cases. Organized in 1839 it has ever since been a leader in the industry. Established at Salem, Mass., it has been somewhat out of the main district of cotton manufacture, but this has not militated against nearly a century of consistent prosperity.

Equipment consists of 156,000 spindles and 3,000 looms. Plant is newer than most New England mills, as it was rebuilt entirely after the Salem Fire of 1914. Efficient machinery is the rule: a condition which ensures prosperity against cheap Southern labor competition. Completion of a new weaving shed and cloth room (1925) has brought equipment up to date.

Capitalization follows the conservative model. There is only one class of capital stock (par $100), of which 6 millions are outstanding. Capitalization was formerly 3 millions but was increased by a 100% stock dividend in 1923. There is no funded or short-term debt and no senior securities. Net tangible assets applicable to capital stock were $172 per share and net quick assets per share $69.

Balance sheet, while conservative, is not quite as undervalued as in the case of Pepperell and Dartmouth. Nevertheless in any other industry it would be considered ultra-conservative. Current assets are 4.8 millions and current liabilities, consisting only of payables, are $700,000. There are no bank loans.

Unlike many other competitors, Naumkeag has shown consistent gains in volume of production. In 1919, total production in yards were 16 millions, since which there have been gains every year until in 1924 yards sold were 22 millions. Sales have corresponded. Early this summer Naumkeag temporarily discontinued production of certain breadths in cloths, owing to temporary overproduction. The cloth on hand should find a ready market this fall.

In 1924 Naumkeag earned $16 per share, against which was paid out the regular dividend of $12 plus $2 in extras. Stock is now on a $12 dividend basis. At prevailing price of 197, stock yields 6.09%.

In view of the large earnings of Naumkeag during the depression and the consistent gains in sales Naumkeag appears to offer good possibilities of appreciation. This stock has its market in Boston.

KING PHILIP MILLS A great Fall River Company, and in business since 1871, King Philip manufactures sateens, cambrics, muslins, lawns and fine cotton goods. Principal business is in the great staple lines.

King Philip has 136,000 spindles and 3,100 looms. Capitalization of plant and equipment at 2.5 millions is far below real value, perhaps not more than one-third. Current assets are strong, cash and receivables $512,000, investment securities $322,000 (since appreciated) and inventories $764,000. Only current liability is reserve for taxes $220,000. Current assets are six times current liabilities. Working capital equals $59 per share.

Capital structure is simple, consisting of $2,250,000 capital stock. King Philip is remarkable in that it has earned on its capitalization more in the terrible year 1924 than in the rather poor year 1923. In 1923, it earned $5.35 or less than its $6 dividend. In 1924 it earned $7.25. The $6 dividend rate has been continued, and is now prevailing.

At 158 yielding approximately 3.8%, the stock is a good commitment as increased earnings should result in raising the dividend. The market for this stock is in Fall River.

LUDLOW MANUFACTURING ASSOCIATES A Massachusetts Trust, the organization of which is of interest to investors on its own account, Ludlow Associates operate under a declaration of Trust modifying a previous declaration. The Trust took over all assets of Ludlow Mfg. Co., and Boston Flax Mills. It also controls Ludlow Manufacturing Company and Ludlow Jute Company. The latter subsidiary is doing business in British India. Its mills are located in Calcutta.

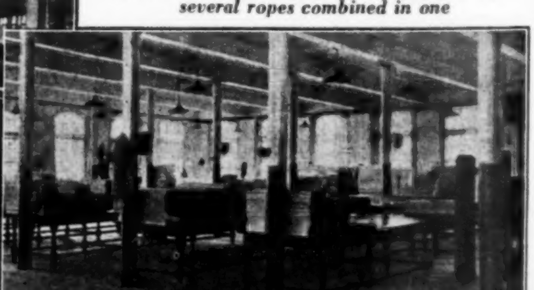
Ludlow manufactures carpet yarns both jute and linen, bagging for raw cotton, burlaps, twines, webbing, etc. Its consolidated balance sheet is clear and shows conservative management. Real Estate and machinery, after depreciation reserves are valued at 13 millions. Current assets are $10,809,000 and current liabilities, consisting of payables are only $27,000. This ratio of 386 to 1 must be the largest in the world of any considerable company. Cash and Liabilities alone account for more than 4 millions. Working capital per share is $77.

Ludlow fared better in the worst depression year, 1924, than in 1923. Its 140,000 shares earned per share $16.75 in 1924 and $14.72 in 1923. Dividends were raised to $10 from $8. The prevailing rate is $10.

In the Cotton Mills

DRAWING FRAMES
Where the white strands are stretched and several ropes combined in one

AUTOMATIC LOOMS
Capable of weaving the thousands of fabrics demanded by mankind



THE CLOTH ROOM
Where the product is folded, inspected and prepared for shipment

At present quotation of 167, to yield 6% Ludlow is considerably undervalued. The issue has its market in Boston.

ARLINGTON MILLS For sixty years Arlington Mills have been manufacturing worsteds. Properties are at Lawrence and North Adams, both in Massachusetts. Arlington has 132,000 worsted spindles, 2,800 looms, 200 cards and 170 combs. It has strong selling connections.

Although superlatives should be avoided, it can be said that no branch of the textile industry suffered so much in the last two years as worsteds. Fashion turned its back on this important fabric, so that the industry has had misfortunes in addition to general depressing factors. Yet Arlington earned money. Sales sank from 23 millions in 1923 to 14.5 millions in 1924. Arlington which earned \$15.28 per share in 1923, earned \$6.70 in 1924. Capital structure is usual; only one class of capital stock (par \$100) authorized and outstanding 12 millions. Dividends have been paid continuously since 1877. Present rate is 8%.

Arlington's ability to make respectable earnings in greatest depression year for worsteds speaks well for future. Prejudice against worsted companies has undervalued the stock. At par it is extremely attractive. Unlike cotton companies it faces no southern competition; Arlington stock is traded in Boston.

FARR ALPACA COMPANY Farr Alpaca is a leader in mohairs. It also manufactures worsteds. Mohairs, have, however, gained increasing popularity for multiple uses and are especially coming into great favor for hangings, curtains, etc. This is a growing textile field.

The lavish dividend history of Farr Alpaca is well known to students of the field. Its earnings have been consistently good. In 1923, earnings were \$30 per share, but in 1924 worsted depression reduced earnings to \$6. Nevertheless \$8 was paid in dividends. In 1925 in addition to the regular \$2 quarterly dividend, \$2 in extras have been voted.

Not only earnings but working capital position is strong. The ratio of current assets to current liabilities is as 15 to 1; net quick assets per share equalling \$69.

One class of capital stock is outstanding (par \$100) in the amount of \$14,400,000.

In computing yield on Farr Alpaca the two per cent extra disbursement can practically be considered part of the dividend rate. On this basis of \$10, present price of \$190 yields 5.26%.

Farr Alpaca should easily see higher levels after a sustained improvement in sales of mohair and worsteds. Like several of the others, this stock is traded in Boston.

Preferred Stocks

PREFERRED stocks made very good progress during the past two weeks. There were substantial gains recorded in the investment list, led by General Motors, Studebaker, Baldwin and United States Industrial Alcohol. Among the railway shares, the Chesapeake & Ohio convertible 6½% preferred was a feature, advancing three points, followed by the Rock Island preferred shares. Minneapolis, St. Paul and Sault Ste Marie, although not on the dividend list, again sold at its recent high price. Public utility issues showed quiet strength, and there were a number of advances in the industrial section, as will be observed by a comparison of recent quotations. No weakness appeared in any section of the preferred stock list. We still feel that there are a number of excellent opportunities in well selected senior shares, and that, as a rule, this section of the investment list is deserving of consideration on the part of investors.

PREPARED STOCK GUIDE

(LISTED IN ORDER OF PREFERENCE)

These Stocks Are Selected as Offering Best Opportunities in Their Respective Classes, Taking Into Consideration Assets, Earnings and Financial Condition of the Companies Named.

SOUND INVESTMENTS

INDUSTRIALS:	Div. Rate \$ per Share	Approx. Price	Approx. Yield	Times † Divid'd Earned
General Motors Corp. (c)	7	113	6.2	(y) 5.1
Cluett-Peabody & Co. (c)	7	106	6.6	3.5
Loose-Wiles Biscuit Co. 1st (c)	7	105	6.7	2.5
Studebaker Corporation (c)	7	122	5.7	20.00
Schulte Retail Stores Corp (c)	8	114	7.0	(w) 10.0
Gimbel Brothers, Inc (c)	7	106	6.6	3.3
Baldwin Locomotive Works (c)	7	112	6.3	3.2
Endicott-Johnson Corp (c)	7	117	5.9	4.5
American Smelting & Ref. Co. (c)	7	113	6.2	1.7
American Steel Foundries (c)	7	112	6.3	6.7
U. S. Industrial Alcohol Co. (c)	7	113	6.2	5.2
Associated Dry Goods Co. 1st (c)	6	96	6.3	4.0
PUBLIC UTILITIES:				
North American Co. (c)	3	50	6.0	(w) 6.9
Philadelphia Company (c)	3	49	6.1	5.6
RAILROADS:				
Chicago & Northwestern (c)	7	111	6.4	....
New York, Chicago & St. Louis (c)	6	94	6.4	(y) 3.7
Chesapeake & Ohio conv (c)	6.50	115	5.6	9.0

MIDDLE GRADE INVESTMENTS

INDUSTRIALS:	Div. Rate \$ per Share	Approx. Price	Approx. Yield	Times † Divid'd Earned
Bush Terminal Buildings Co. (c)	7	101	7.0	1.1
Brown Shoe Co. (c)	7	108	6.4	3.9
Cuban-American Sugar Co. (c)	7	96	7.3	7.5
Armour & Co. of Del. (c)	7	96	7.3	(w) 2.3
Allis-Chalmers Mfg. Co. (c)	7	106	6.6	2.8
Genl. American Tank Car Co. (c)	7	102	6.8	4.0
Natl. Cloak & Suit Co. (c)	7	101	7.0	4.5
PUBLIC UTILITIES:				
Radio Corp. of America A pfd. (c)	3.50	49	7.1	(w) 3.5
Amer. W. Wks. & Elec. Corp. 1st (c)	7	100	7.0	2.8
Public Service of N. J. (c)	8	114	7.0	3.4
RAILROADS:				
Baltimore & Ohio (n-c)	4	66	6.1	(y) 4.75
Bangor & Aroostook (c)	7	95	7.3	2.5
Colorado & Southern 1st pfd. (n-c)	4	64	6.3	7.5

SEMI-SPECULATIVE INVESTMENTS

INDUSTRIALS:	Div. Rate \$ per Share	Approx. Price	Approx. Yield	Times † Divid'd Earned
Famous Players-Lasky Corp. (c)	8	116	6.9	(y) 6.5
Pure Oil Co. conv. pfd. (c)	8	107	7.4	4.2
American Beet Sugar Co. (c)	7	86	8.1	1.5
National Department Stores (c)	7	98	7.1	4.0
Austin, Nichols & Co.	7	93	7.5	1.8
Worthington Pump & Mfg. "A" (c)	7	82	8.5	2.0
Orpheum Circuit (c)	8	104	7.7	(w) 3.2
International Paper Co. (c)	7	92	7.6	1.75
Dodge Bros., Inc. (c)	7	87	8.0	..
Consolidated Cigar Corp. (c)	7	88	8.1	(x) 3.0
PUBLIC UTILITIES:				
American & Foreign Power Corp. (c)	7	91	7.7	(w) 2.0
Hudson & Manhattan Ry. (n-c)	5	70	7.1	(x) 3.6

SPECULATIVE INVESTMENTS

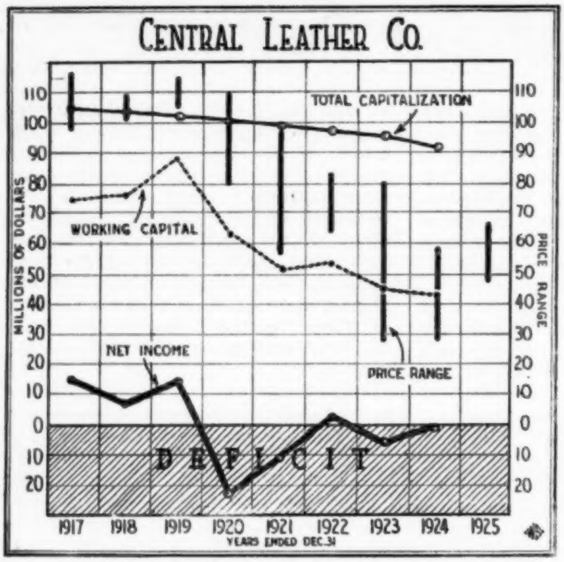
RAILROADS:	Div. Rate \$ per Share	Approx. Price	Approx. Yield	Times † Divid'd Earned
Chicago, Rock Island & Pac. (5-7%)	7	98	7.1	(x) 1.35
Gulf, Mobile & Northern (c)	6	103	5.8	(x) 1.3
Western Pacific (c)	6	77	7.7	(x) 1.0

(c) Cumulative. (n-c) Non-Cumulative. (w) Average for last two years. (x) Average for last three years. (y) Average for last four years. † Average number times earned last five years.

Central Leather Company

Central Leather Coming Back?

Central Leather Preferred's Dividend Prospects—Value of Company's Timber Holdings



ONE of the most remarkable features of Central Leather's situation has been the relative unimpairment of credit position in the face of depression which began over five years ago. When it became necessary a year ago for the management to provide for the maturity of 5% bonds, an issue of 6% first mortgage bonds was sold at 95 to net about 6½%. These bonds are now five points above the offering price, and as a matter of fact, the low point this year has been two points above the figure at which the securities were sold to the public. This is a rather remarkable accomplishment when it is considered that the financing was done by a company which at the end of 1924 had a profit and loss deficit of 13 millions against a surplus of over 30 millions at the end of 1919, representing a decrease of some 43 millions. The change in profit and loss account tells the story of Central Leather in a nutshell, and while it is history, it does have a bearing upon any consideration of present position.

In connection with the sale of the 6% bonds the treasury position of the company stood out strongly. At the end of 1924, current assets were eighteen times current liabilities and cash on hand was nearly three times total current liabilities. Thus, with a large profit and loss deficit, Central Leather has maintained a strong treasury position and kept itself ready to take full advantage of trade recovery. Inventory position has been corrected and at the end of last year was easy.

Price Situation

This year, hide and sole leather prices have kept ahead of the corresponding levels of 1924. There have been no sensational advances, no signs of a boom, no signs of unusual profit, but an improvement large enough to spell the difference between deficits on Central Leather preferred and balances. The company in the six months ended June 30, 1925, earned about $3 upon the preferred stock. Ordinarily the third quarter is one of the active quarters, and it is quite possible that for the full year ending December 31, 1925, Central Leather will earn $7 a share upon the preferred stock. If this result is accomplished it will be the first year since 1919 when earnings on the senior stock have covered an amount necessary to pay dividends.

Like so many other industrials at the present time the leather industry is operating on a hand-to-mouth basis. That is to say, Central Leather has been keeping operations at its plants strictly in line with consumption requirements. The company has not been accumulating stocks, but has endeavored to do no more manufacturing than is necessary to fill customers' requirements. A policy of this kind might indicate the management is not anticipating a period of pronounced activity and a fast rising scale of prices. The leather business for years has been known for its rapid and sudden price fluctuations. Indications are for a fairly good Fall business. In the final six months of 1924 the company showed a net income of $629,000 after having operated at a deficit in the first half of 1924. The improvement in the business, therefore, dates from the second half of last year and present prospects are that the surplus for the second half of 1925 will be more than double the surplus for the similar six months of last year.

Central Leather's capitalization consists of a bond issue, a preferred stock and a common stock. The bond issue amounts to $15,000,000 first lien 6s due 1945, which are now selling at a price to return not quite 6%. A sinking fund provides for the retirement of the issue by maturity, which sinking fund is derived from operations of the company's timber properties.

Timber Holdings

A word in regard to these timber properties. Central Leather is in the lumber business and it is estimated that prior to the maturity of the bond issue the company will receive from its Pennsylvania and Wisconsin timber properties alone more than $25,000,000. Dividends from the subsidiary lumber companies have been of material benefit in maintaining the strong financial position of the company and there are those who claim that the successful sale of the 6% bonds was made possible by the known value of the timber properties. In the past five years, the parent company has received over $7,000,000 in dividends from these sources.

The timber was originally acquired for the bark necessary in tanning, but they are now also operated as commercial lumbering and pulpwood properties. The 6% bonds in view of their strong asset protection, the sound current asset position of the company and the recovery in earnings are deserving of a good investment rating and are to be recommended. They belong in that group of bonds which are now selling on a 5½% yield basis as an average.

Position of Preferred and Common Stocks

Even though Central Leather may earn $7 on the preferred stock this year early resumption of dividends is not likely. One factor which favors the reinstitution of payments when earnings warrant is the strong treasury position. The preferred stock paid dividends regularly from 1905 until 1921. Accumulations now amount to over 30%. It may be argued that profit and loss deficit stands in the way of dividend resumption. It does, but this deficit could be eliminated by the process of changing the par value of the common stock from $100 to no par and a balance sheet readjustment effected which would remove the profit and loss deficit. This plan has not been officially intimated, but it is a matter of common gossip and talk around Wall Street that it would be a feasible way out of a difficulty, which is now more apparent than real. *The preferred stock by its advance to levels above 60 has somewhat discounted the improvement in earnings but is still attractive from a long pull viewpoint.*

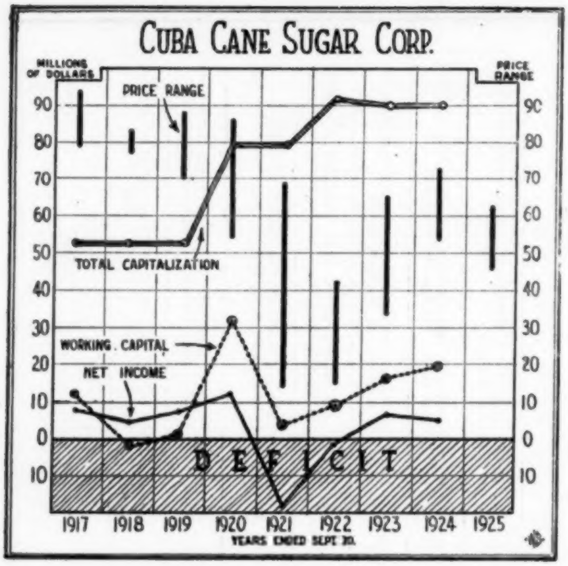
The common stock paid dividends from 1914 to 1920, the rate being 7% in the prosperous war years. This year speculative values have been materially enhanced, but in view of the large prior charges ahead and in view of a modest earnings outlook, claims to speculative favor are of doubtful quality.

Fifteen Low-Priced Stocks Which Have Good Dividend Prospects

	$ Earned Per Share 1923	$ Earned Per Share 1924	Est. Earnings 1925	Ratio Current Assets to Current Liabilities end of 1924	Price Range 1924 high	Price Range 1924 low	Price Range 1925 high	Price Range 1925 low	Recent Price	% Earned on recent price (based on estimated earnings 1925)	REMARKS
Archer-Daniels-Midland..	—	1.47	$9.00	2½ to 1	[1]30	16⅛	43	26	42	21.4	Benefits indirectly from building boom. Linseed oil essential to paint manufacturers. Plants modernized. Labor costs lower. Dividends reasonably certain.
Austin Nichols.........	[2]4.03	[3]4.23	N.F.	[3]1⅔ to 1	33½	18½	32½	22	27	N.F.	Plant expansion program may delay dividends, but company could support modest rate within reasonable period.
Consol. Cigar..........	1.27	5.40	6.50	2 to 1	30	11⅜	44⅛	26½	40	16.2	Final liquidation of arrears on preferred paves way for payments on the common.
Glidden Co............	[4]1.98	[4]2.66	3.50	3 to 1	15	8	24½	12½	23	15.2	Steady growth in earnings. Inauguration of dividends receiving serious consideration.
Gold Dust............	—	[5]3.01	3.85	4½ to 1	43⅞	28½	47⅜	37	46	8.3	Stock selling to discount dividend rate of $2, which is as much as can be expected.
Nat'l Dept. Stores......	[2]7.34	[3]4.23	5.00	3 to 1	43	36¼	45	38½	43	11.6	Average earnings sufficient to support modest rate. Dividend action not unlikely in reasonably near future.
Penick & Ford.........	[7]3.87	[8]2.18	2.50	12 to 1	Not Listed		28	19¼	22	11.3	Following in the wake of Corn Products. Slow but steady. Dividends not actually imminent, but should eventuate.
Phila. & Read. C. and I.	2.91	0.73	N.F.	3¼ to 1	54¼	44	52½	37¾	41	N.F.	Large stocks of anthracite on hand with higher prices in prospect. Company may make "payment" later on.
St. L. & South West...	14.71	8.37	9.00	2¾ to 1	55⅞	33	63	43¾	57	10.5	Company in position to adopt liberal attitude toward shareholders whenever it so elects.
Seaboard Air Line pfd..	3.21	7.64	9.00	1 to 1	45½	14¼	51½	35	49	18.3	Dividends contingent upon payment of 12½% interest in arrears on Adjustment Bonds. Earnings holding up well.
Spicer Mfg.	2.56	2.32	4.00	4 to 1	20⅜	20	35⅜	15½	35	11.4	Largest earnings in recent years. Financial condition much improved. A small dividend reasonably assured.
Texas & Pacific Ry.....	5.67	6.94	8.00	3⅓ to 1	48⅜	19	58¾	43¼	53	15.1	Earnings still showing upward trend. Possibility of dividend action receiving serious discussion in not too distant future.
United Alloy Steel.....	3.55	0.60	2.50	3⅔ to 1	37	20	36⅞	24	30	8.3	Financial condition strong, although earnings not impressive. A probability of dividend being restored, but stock seems high enough.
U. S. Distributing......	5.43	3.93	4.50	[6]	42	21½	39¾	30⅛	33	13.6	Company stands to benefit from coal strike through higher prices for supplies on hand. A payment of some sort not unlikely.
Vivaudou, V...........	2.19	def.	2.00	1½ to 1	15⅛	4¾	16¾	7¼	14	14.2	Outlook brighter than for some time. Operating deficit succeeded by modest earnings. Could easily pay a dollar dividend.

1. Listed on N. Y. Curb.
2. Year ended Jan. 31, 1924.
3. Year ended Jan. 31, 1925.
4. Year ended Oct. 31.
5. Year ended Aug. 31.
6. Holding Co. shows technical excess of Current Liabilities over Current Assets. Subsidiary companies, however, in very strong financial position.
7. Year ended June 30, 1924.
8. Year ended June 30, 1925.

N.F.—Figures not available.



Cuba Cane Sugar Corp.

Should Cuba Cane Pfd. be Bought Now?

Position of Sugar-Growing Industry—Outlook for All the Company's Securities

MARKET values of the shares of the sugar producing companies, notably the Cuban companies, are directly affected by the price of the commodity, and as a matter of fact that relationship, as it guides the market worth of the shares, is closer than in the case of most corporations classed in the industrial group. The sugar producing companies may be called manufacturers of sugar, but it is more accurate to characterize them as growers—almost as farmers.

The price of raw sugar in the world markets is the determining earnings factor. There are no subsidiary factors of any importance and the price of raw sugar goes back to the old familiar supply and demand. At the present period the supply of sugar the world over is fully adequate to meet demand; if anything, it threatens to be in excess of demand—a condition due to the second successive large crop in Cuba and heavier European beet sugar production. Current prices of raw sugar in domestic markets is near or below the cost of production. The market for the commodity is stagnant and quite unrelieved by highlights.

A short introduction of this character is necessary in discussing any of the sugar-producing companies. One of the best known of the Cuban producing companies is Cuba Cane Sugar Corp., organized some ten years ago when the world war jumped into the limelight the importance of Cuba as a producer of sugar. Compared with pre-war levels, the decade from 1914 to 1924, established an unusually high average price level for Cuban raw sugar. In that time the production costs of the Cuban companies rose correspondingly, but for the most part the margin of profit was quite satisfactory and resulted in compensatory earnings even though capitalization of the Cuban companies grew as production facilities expanded and larger operations required larger working capital.

The sugar shares have not participated in the bull market, but have languished for months as the price of the commodity gradually found lower levels. In recent weeks the shares of the leading companies have been featureless, but lately there has been an increasing disposition to inquire into their status, perhaps because of the fact that the price of the commodity has sunk to levels recognized as below production costs. There is almost an axiom that when a commodity goes below cost of production there must be a turn for the better not far way. That may be true in the present case of raw sugar, but the problem remains as to how much of an improvement would be necessary to enable Cuban producers to show substantial profits per share capital.

In this instance, we are concerned with Cuba Cane Sugar which produces between 12% and 13% of all the sugar grown and manufactured in Cuba. Whereas in the 1913-1914 year, the Island produced a little less than 14% of the total cane sugar of the world, in the 1923-1924 year, the proportion approached 21%. Eleven years ago, beet sugar constituted over 47% of the total production of the world, mostly from Europe, whereas last year the proportion was a little short of 30%.

Sugar Outlook

These figures are cited to show the possible effect of continued growth, or rather recovery of European beet sugar, upon the fortunes of Cuba. The situation hardly admits of the possibility that world supply of sugar cannot take care of consumption easily and adequately, and this certainly would seem to hold good for coming crop year, 1925-1926. It is true that consumption of sugar has increased, but not faster than production. It has been stated that the final outturn of Cuba Cane Sugar for the 1924-1925 crop year may approximate 4,500,000 bags against 3,683,000 bags the previous year. If this estimate is borne out by actual figures it will mean a new output record for the company.

Further, it has been stated that the company sold approximately three-fourths of its output at an average price of something better than 2¾c. per pound, which is higher than the current market, and judging by conditions, it will be higher than the price at which the remainder of the crop is sold. Last year, receipts per pound were something better than 4½c., leaving a margin of profit of a little over one cent per pound. With an output of 4,000,000 bags, Cuba Cane Sugar, with an operating profit of one cent per pound, assuming no extraordinary expenses, can earn in the neighborhood of $10 a share upon the preferred stock. But with sugar selling at less than 3c. per pound, such returns are, of course, out of the question, particularly as there is no evidence to show a drastic reduction in operating expenses. There are indications that in the fiscal year ending September 30, 1925, Cuba Cane Sugar may not earn preferred dividends and, as a matter of fact, not long ago a director was quoted as saying that fixed charges would be earned with some balance, but it is now generally concluded that the balance applicable to the preferred shares in the fiscal year just closing will be small.

In the five crop years, 1918-1919, 1923-1924, excluding 1919-1920, which was abnormal, the production cost for the company was about 3⅛c. per pound and measurably above the going selling price of sugar. In the period, operating profits per pound ranged from 1.8c. to a loss of almost ½c., but this loss was registered in the 1920-1921 year which was a period of great deflation and most subnormal conditions.

The general conclusion is well nigh inevitable that Cuba Cane Sugar is now in a period of substantially restricted earnings from which there would appear to be no immediate relief. If raw sugar should advance one cent per pound it is difficult to escape the view that earnings will still be restricted, basing the assumption upon production costs for the past several years, particularly restricted as to surplus earnings upon share capitalization.

Preceding the share capitalization is a funded debt totaling between 35 and 36 millions. The best known issues are the 7% and 8% convertible debentures maturing in 1930. These are a direct obligation of the company, but not secured by a mortgage and are convertible into the common stock at the rate

of $45.888 a share, which conversion privilege naturally is of no current interest. Financial position according to latest available figures is quite satisfactory, but allowance must be made for some change if the price of raw sugar continues at low levels. These bonds must be accorded a second grade rating and, as a matter of fact, are now selling to yield over 8%—a return which indicates their somewhat speculative position. There is an issue of $10,000,000 Eastern Cuba Sugar Corporation 7½s due 1937, secured by a mortgage. These bonds have a slightly better investment rating than the others owing to their mortgage security, and are selling to return 7%. Their fortunes, however, are identical with the fortunes of Cuba Cane Sugar Corporation.

The $50,000,000 preferred stock has paid no dividends since April, 1921, which means accumulations of about 30%. Owing to the decline in raw sugar prices the idea that dividend resumption might be possible this year or early next, has been abandoned, and the stock is in a speculative position where its relatively low selling price as compared with former levels is offset by the unsatisfactory selling price of the commodity which furnishes the earning power.

The 500,000 shares of common of no par value are entirely in a speculative position and in the opinion of the writer they seem quite without current attraction.

IMPORTANT CHANGES IN CAPITALIZATION OF LEADING COMPANIES

Proposed Changes

ALABAMA & VICKSBURG RY. CO. (THE). (See Illinois Central.)

AMERICAN BOSCH MAGNETO CORP.

Oct. 13—To authorize: increase in Cap. Stk. from 175,000 shs. to 250,000 shs.
Subsequently: To Offer: to Cap. Stockholders right to subscribe, at $33, to 1 sh. new Cap. Stk. for each 2 shs. held............shs 69,133
To redeem: at 105, 8% s. f. g. Notes, '36..................$2,125,000
(Next interest date: Dec. 1.)

AMERICAN WATER WORKS & ELECTRIC CO., INC.

Prior to Dec. 11—Plans to consolidate: its Electric Subsidiaries through exchange of stock for that of a new company to be organized with authorized capitalization of $50,000,000 $100-par, 7% Cum. Pfd.; 59,258 shs. no par, $7 Cum. Class "A"; 165,742 shs. no par, $7 non-Cum. Class "B"; and 1,000,000 shs. no par Com.
Proposed basis of exchange is as follows: $17,456,200 WEST PENN CO. 7% Cum. Pfd. (Amount Out., not owned by Amer. W. W. & Elec. Corp.) for like amount of New Pfd.: 59,258 shs. WEST PENN CO. Com. (Amount Out., not owned by Amer. W. W. & Elec. Corp.) for 1 sh. New Class "A" plus ½ sh. Amer. W. W. & Elec. Corp. Com.

Amer. W. W. & Elec. Corp.—as compensation for issuing to West Penn Co. Stockholders 29,629 shs. of its own Com.; and surrender to the New Company of its holdings of $4,668,500 West Penn Co. Pfd., 165,742 shs. of West Penn Co. Com., all Com. Stk. of the POTOMAC EDISON CO., all Com. Stk. of KEYSTONE POWER & LIGHT CO., together with $2,000,000 cash—is to receive 4,668,500 New Pfd., 165,742 shs. New Class "B," and 777,774 shs. New Com.

ARNOLD, CONSTABLE & CO., INC.

To organize: the ARNOLD CONSTABLE CORPORATION, with Capital of $22,500,000, pursuant to the recent merger with M. I. STEWART & CO., INC.

BETHLEHEM STEEL CORP.

On and up to Jan. 1, 1926—Will redeem: all 1st extension mtg. 5s; due Jan. 1, 1926 ....$6,330,000

BOSTON & MAINE R. R. CO.

This year—To readjust capital structure: in accordance with plan made public Apr. 2 by General Committee of Bondholders and Stockholders.

BUFFALO, ROCHESTER & PITTSBURGH RY. (See Delaware & Hudson.)

CERTAIN-TEED PRODUCTS CORP.

Nov. 1—To redeem: at 105, all 1st mtg. 6½s, '25-'43.....$7,760,000

CHICAGO & NORTHWESTERN RY. CO.

To issue: 4½% eq. tr. ctfs..................................$5,415,000
Plans to control: the CHICAGO, ST. PAUL, MINNEAPOLIS & OMAHA RY., through purchase of remaining $5,879,300 Pfd. and $9,016,700 Com., by exchange of stock on basis reported in our issue of June 6.

CHILDS CO.

Dec. 30—To pay: to Com. Holders of record Nov. 28, a Div. of 1% in Com. Stk...shs 3,223

DEERE & CO.

Nov. 1—To redeem: at 103, all 10-yr., 7½% g. Notes, '31.$7,516,000

DELAWARE & HUDSON CO.

Plans to acquire: through 999-yr. lease, the BUFFALO, ROCHESTER & PITTSBURGH RY. at a rental sufficient to assure 6% on the $16,500,000 outstanding Pfd. & Com. Stk. D. & H. is also to assume all fixed charges and maturing debts.

DELAWARE, LACKAWANNA & WESTERN R. R. CO. (See Morris & Essex.)

DETROIT EDISON CO.

Until Oct. 22—Offers: to Cap. Stockholders of record Sept. 21, right to subscribe at $100 to 1 sh. new Cap. Stk. for each 10 shs. held.
$7,161,600

DETROIT UNITED RAILWAY.

To Oct. 15—Time extended: for depositing underlying Bonds.

DEVOE & RAYNOLDS CO., INC.

Oct. 13—Offers: to Com. Holders of record Sept. 22, right to subscribe, at $35, to 1 sh. new Class "A" Com. for each 4 shs. old Com. held ....shs 10,000

Later—To exchange: 1 sh. old Com. for 1 sh. new Class "B" Stk. and 2 shs. new Class "A" Com.
To issue: Add. Class "A" Com...............................shs 5,000
To acquire: the WADSWORTH-HOWLAND CO., INC., of Boston.

FLEISCHMANN CO.

Nov. 10—To Authorize: increase in Com. Stk. from 1,500,000 shs. to 4,500,000 shs.
Subsequently—To exchange: 3 shs. new Com. for each sh. old Com.

GENERAL RAILWAY SIGNAL CO.

Oct. 23—To split: present 65,000 shs. $100-par Com. into 325,000 no par shs.
Oct. 29—To offer: to old Com. Holders of record Oct. 2 right to subscribe, at $300, to 1 sh. old Com. for each 14 shs. held..$4,320,857
To offer: to Pfd. holders of record Oct. 2 right to subscribe, at $100, to 1 sh. Add. Pfd. for each 14 shs. held...............$172,707
Subsequently—To Exchange: 1 sh. old Com. for 5 shs. new, no par Com. ....shs 325,000

GENERAL ELECTRIC CO.

Oct. 15—To pay: to Com. Holders of record Sept. 3 a Div. of 5% in "Special" Stk...$9,014,365

HAVANA ELECTRIC RAILWAY, LIGHT & POWER CO.

Plans to readjust capitalization: through exchange of present Stk. for that of the HAVANA ELECTRIC UTILITIES CO. (To be organized with Auth. Cap. Stk. of $21,000,000, $100-par, 6% Cum. 1st Pfd.; 300,000 shs. no par, $5 Cum. Preference Stk.; and 603,000 shs. no par, Com.) on the following basis:—each of the present 210,000 shs., $100-par, 6% Cum. Pfd. to be exchanged for 1 sh. new Pfd., 3/10 sh. new Com, and $4 cash; each of the present 150,000 shs., $100-par, Com. to be exchanged for 2 shs. new Cum. Preference Stk., vtc. for 2 shs. new Com., and $20 cash.

This exchange will involve the issuance of all Auth. new Preference and 1st Pfd. Stks., 363,000 shs. new Com., and $3,420,000 cash.

HAYES WHEEL CO.

Is retiring: its 1st mtg. Ser. "A" 7s and Ser. "B" 6s, due Feb., '29, by purchase in open market. (On July 29 only $500,000 remained Out.)

ILLINOIS CENTRAL R. R. CO.

Plans to control: through 250-yr. leases, the ALABAMA & VICKSBURG RY. (With $4,200,000 Cap. Stk.) and the VICKSBURG, SHREVEPORT & PACIFIC RY. (With $4,999,300 Pfd. & Com. Stk., and $3,845,000 funded debt). Lessee is to guarantee Int. & Divs. on outstanding securities of the two leased roads.

INGERSOLL-RAND CO.

To exchange: 4 shs. new no par Com. for each of the present 240,563 shs. $100-par Com..............................shs 962,252

INTERNATIONAL PAPER CO.

Until Jan. 15, 1926—Holders of $25,000,000 6% Cum. Pfd. may exchange sh. for sh., for 7% Cum. Pfd.; upon payment of $10 a sh. cash.

INTERNATIONAL SHOE CO.

To create: new issue of 6% Pfd. (Divs. payable monthly).$10,000,000
Dec. 1—To retire: at $115, all 8% Pfd. Stk...............$17,800,000

MARLAND OIL CO.

Nov. 1—To redeem: at 101, all 2-yr. 5% Notes, due Nov. 1, 1926.
$13,695,000

MARLIN-ROCKWELL CORP.

This year—To issue: Add. Com. Stk......................shs 10,000

METROPOLITAN EDISON CO.

Nov. 1—To redeem: at 105½, all rfd. & imp. 8s, '35, Ser. "A."
$1,593,000

MISSOURI PACIFIC R. R. CO. (See New Orleans, Texas & Mexico.)

MORRIS & ESSEX R. R. (Leased to Delaware, Lackawanna & Western R. R. Co.)

To issue: Construction mtg. g. Bonds to D. L. & W. in reimbursement for capital expenditures on the Morris & Essex line.$11,582,006

MURRAY BODY CORP.

Jan. 2, 1926—To pay: to Com. Holders of record Dec. 16, 1925, a Div. of 1½% in Com. Stk. ....shs 3,659

(Please turn to page 1118)

A Little Capital

IT occurs to us to list a few of the things a little capital may do for a man. It may:—

Justify his marrying the woman of his choice—
Qualify him as head of his house—
Buy the home he has wanted to own—
Educate his children—
Help him to establish himself in a business of his own—
Maintain his self-respect—
Give him standing in his community—
Prepare him for emergencies—
Keep him out of the "yes" class—
Take him to the thousand and one interesting places the world contains—
Give him peace of mind—
Help him help his friends—
Widen his horizon, and make his life fuller—
Prevent his going into debt—
Stand between him and charity when old age comes.

If any one of these is not a sufficient reason for working, saving and investing with care, then we do not know what a sufficient reason is.

Considered together, they should overcome the most malignant case of laziness, indifference or lack of vision.

Of course, the effects of a little capital are not always beneficial. The Garland Foundation, having had capital dumped into its lap through no effort of its own, is presumably set

upon destroying the machinery which made the Foundation possible. The effect there was somewhat warping.

In hosts of other cases, where capital was received as a gift, rather than earned, it has done more harm than good.

Where a man acquires a little capital through his own efforts, however; or where, before receiving it, he has learned how to distinguish between its use and misuse, and come to know its value: Then that capital is an essential factor in the fulfillment of his life.

The BYFI Department, as the "family corner" of THE MAGAZINE OF WALL STREET essays to help its readers build up capital. The readers, in a ceaseless flow of what is undoubtedly as frank, honest and inspiring a series of contributions as ever will be published, endeavor to help one another.

As a result of these mutualized efforts, dozens of investment clubs have sprung up in all parts of the country; thousands of young men have been started on the road to independence; innumerable life insurance policies have been taken out. Homes have been made a little brighter, life a little more satisfying, for great numbers of people. Some of the prejudice against what Wall Street has done has given way to a better understanding of what Wall Street is doing and can do; therefore, society has been welded a little closer.

If anyone should ask you whether the editors of these pages get any satisfaction or find any inspiration in their work, show him this editorial.

The Making of an Investor

How a Young Man, Under Sane Guidance, Was Started on the Road Up

By JOHN BAILEY

If you saw a chance to make a sure profit for a protégé, would you avoid it?

John Bailey did, and in this article, he tells you why.

IN the middle of the summer of 1919, a young man just through college, started to work for the company by whom the writer is employed. Frank was a clean cut fellow, starting in at the bottom with a lot of pep and ambition. In the course of the first month I got to know him real well and took considerable liking to the young man.

Frank Comes for Advice

Shortly after this Frank came to me for advice. He did not draw very much of a salary but he was living at home and only paying nominal board. He had saved up over two hundred dollars and figured that he could save close to fifty dollars each month. The investment of his steadily increasing fortune at something better than the 3% paid by the local saving banks was worrying him. THE MAGAZINE OF WALL STREET had just published that fine series "Financial Independence at Fifty"; and I loaned him my copies to absorb.

He was soon back. He had read the series and, I guess, everything else in the magazine that I had given him. He was eager to start investing but wanted specific advice.

He had been impressed by the large percentage of people, dependent on others for support in their declining years. It had brought the effectiveness of compound interest to his attention, and he had quickly grasped the result of compounding steady savings. He was somewhat disappointed at the number of securities cited as suitable for investment. He wanted to be told exactly what to buy first.

A short talk convinced him, that the aim of the writer had not been to inform investors of safe securities; but rather to demonstrate the need of thrift and the sure reward to follow. The writer doubtless realized that no one would make a success of investment by depending on others for advice. To be successful, he realized, one must have enough of the rudiments of economics and finance to be able to weigh the pros and cons of any security that is brought to his attention.

The First Suggestion

My advice to Frank was to start in with life insurance. This was considerable of a blow to his newly formed ambition. He had no one directly dependent on him and could not quite see why he should start in with insurance. It was only after I had mentioned the name of a young lady, with whom he was spending his spare time, and had shown him that he need not use all of his savings, that he consented to start in with insurance. I say "consented," because I don't believe he really was "sold" on the idea.

A thirty-payment life for $3,000 was chosen but not until Frank had visited the local library and read several books on insurance. He would have taken any kind I advised but I believed he would be much better off to do a little studying and make his own decision. His reading made him a little more enthusiastic about his insurance policy. He realized the lower premium that he obtained by starting early and the lesser danger of being turned down in his physical examination.

He chose the limited payment so that

The writer of this article suggests a good argument against home owning for young couples. He points out that the average young couple, just starting out, cannot afford to buy or build such a home as they will later wish to possess; also, cannot often foresee what their later needs will be.

he would not be burdened with premiums in later life at a time when he might be thinking of retiring or, in any event, taking life easier. At first he seemed taken with the endowment policy as the eventual return of his principal appealed to him. He was, however, soon convinced that the extra premiums were simply put to work, or invested to take care of the difference between the endowment and the cash surrender value of his policy at the end of thirty years. He believed that he could get a better return on these excess premiums himself, than was used by the insurance companies in compiling their rates. Had Frank not been very thrifty and uninclined to recklessness I would rather have seen him tied down to the endowment with its larger premiums.

Avoiding a Profit

The insurance question settled, he had enough cash left for a baby bond. The logical solution would have been one of the longer term Liberty Bonds which were then selling at about 92 or 93, or in fact any other really high-grade bond issued in baby units. Bond yields were so high that he was practically sure of a good profit. It was this very fact that decided me against recommending them at this time. He could only have purchased one unit at that time and possibly three or four in the course of a year. With a ten or fifteen point profit his total gain would not have been great and I was afraid of the result. A good profit on a person's first investment is apt to turn his head and make a speculator out of him. Frank was a fellow not likely to loose his head but it seemed to me that "the game was not worth the candle." Furthermore, I wanted him to get a little more information on investments and speculation before starting on his march to independence.

Frank's first investment was made in a $100 bond of a house specializing in first mortgage real estate bonds. Guaranteed bonds would have been an ideal first investment but at that time they were just beginning to be advertised and paid considerably less than the bonds in question.

I had had dealings with this house myself off and on for ten years and before this I had investigated their standing as well as I was able to do. I impressed upon Frank that in buying a bond of this type, he would not be able to check up on the bond itself to any extent but must depend on the integrity of the house sponsoring the issue. I did not tell him of my own long experience with the house but called his attention to their advertisement and turned him loose.

A Careful Investigation

He wrote to THE MAGAZINE OF WALL STREET for information as to their standing and also to several of the monthly periodicals which carry financial advertisements. They all replied with letters highly favorable to the house in question. He made inquiries at two of the local banks. One recommended the house very highly while the other was not so enthusiastic and pointed out the fact that these bonds had no market. This was true *except* for the fact that the house makes it their policy to buy back their bonds, less one point service charge. I further pointed out that I knew of a dozen people who would gladly take the few small bonds Frank would buy off his hands at par any time in case of an emergency. It also developed that the bank which was not enthusiastic about the bonds in question was also in the bond selling business and, furthermore, handled local bonds of the same type.

Circulars and pamphlets of the house advertised the fact that they had not lost a cent of interest or principal of the money invested in their bonds in the thirty odd years that they had been in this business. This was very interesting and doubtless true, but the question arose as to how long they had been selling large issues of these bonds. It might have been a small local real estate office which had recently been purchased and had blossomed out into the real estate mortgage game under the old name with its enviable reputation. They may or may not have the necessary qualifications to conduct such a business. With the present inflated values of real estate, persons unqualified or purposely crooked might well be bonding building ventures so close to their present cost, as to cause disaster in case of deflation in this industry. Further, it is very easy for inexperienced operators, to see that the mortgage is only, say, 60% of the cost of the project; and yet accept it on a building so ill-suited to its location, that the return on the investment will not take care of the running expenses, bond interest, and the serial maturities.

Frank was ready for me on this question. He had visited their local offices and seen the complete list of their offerings for thirty odd years.

He started out with a $100 bond and purchased three or four more in the course of the first year.

Studying Up

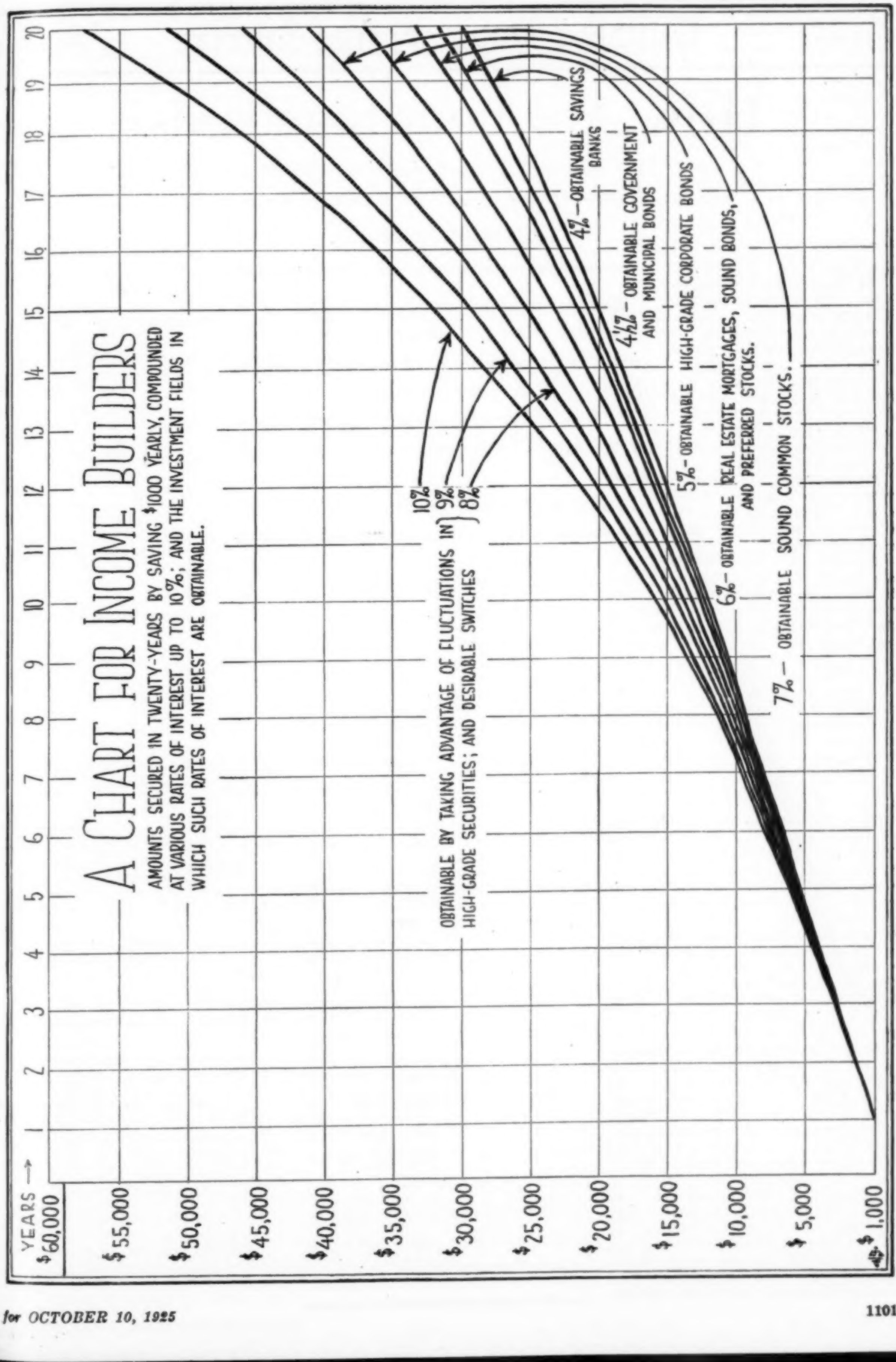
This gave the writer a little peace of mind for a while. Frank had a place to put his savings and was filling up on financial literature. He read every issue of THE MAGAZINE OF WALL STREET as it appeared and many books from the local library. He also answered most of the advertisements offering circulars and was on the mailing list of about half the investment houses in the country. He also managed to get his name on quite a few sucker lists but as he did not bite it helped his education.

At the end of the first year Frank had four or five baby real estate bonds and knew enough about financial matters generally to be able to take care of himself. He now launched out into the field of prominent bonds and stocks. He consulted the writer before every purchase but used such good judgment in his selections that I very seldom found a chance to criticize his choice.

Frank early laid down a couple of simple rules which he has followed ever since. The first was as to the size of his purchases. He confined himself to $100 units until he had his first ten pieces. He then bought $500

(Please turn to page 1148)

Do you get other people's opinions when you are contemplating an investment? As the accompanying true story shows, it's often a good thing to do. It protects you from the dangers of snap judgment; also from the pitfalls dug by personal prejudice.


A CHART FOR INCOME BUILDERS
AMOUNTS SECURED IN TWENTY-YEARS BY SAVING $1000 YEARLY, COMPOUNDED AT VARIOUS RATES OF INTEREST UP TO 10%; AND THE INVESTMENT FIELDS IN WHICH SUCH RATES OF INTEREST ARE OBTAINABLE.
YEARS →
1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20
$60,000
$55,000
$50,000
$45,000
$40,000
$35,000
$30,000
$25,000
$20,000
$15,000
$10,000
$5,000
$1,000
4% — OBTAINABLE SAVINGS BANKS
4½% — OBTAINABLE GOVERNMENT AND MUNICIPAL BONDS
5% — OBTAINABLE HIGH-GRADE CORPORATE BONDS
6% — OBTAINABLE REAL ESTATE MORTGAGES, SOUND BONDS, AND PREFERRED STOCKS.
7% — OBTAINABLE SOUND COMMON STOCKS.
10%
9%
8%
OBTAINABLE BY TAKING ADVANTAGE OF FLUCTUATIONS IN HIGH-GRADE SECURITIES; AND DESIRABLE SWITCHES

How Are Your Standards?

Do You Really Know the Securities You Buy?—If Not, Why Do You Buy Them?

By JAMES W. MAXWELL

Readers of this article will find it a trenchant plea on behalf of profitable clear-thinking as opposed to costly muddy-thinking in matters financial.

It has a direct application to the cases of 99 would-be investors out of a typical 100.

Show it to your friends.

"FIRST NATIONAL BANK stock advanced 100 points in the last month!" shouts the Recorder.

"Wonderful," chimes in the listener. "That's the kind of stock to have—one that *moves.*"

"E. W. Bliss Company just declared its regular quarterly dividend!" adds the Recorder.

"What's the payment?"

"Twenty-five cents a share," advises the Recorder.

"Pshaw!" from the investor. "That's only a dollar a share a year. Who wants to hold a stock that doesn't pay any-more than that?"

Conversations, along the above lines are heard repeatedly, day after day, in brokerage offices, on trains, wherever investors happen to be. They reflect what may well be one of the most important shortcomings the average investor possesses—namely, an inability to view securities, security prices, dividends, etc., as anything but isolated facts, when they should be viewed in their relationship with other facts, and the result compared with similar findings in related lines.

A Comparison

Thus, take the hypothetical advance of 100 points in the shares of New York's First National Bank. The price of this stock, at this writing, is somewhere about $2,900 a share. An advance of 100 points from that level, therefore, would be equivalent, if my figures are correct, to less than 4½% of the purchase price. It would be no more of an advance, proportionately, than a gain of 5½ points in U. S. Steel, were Steel to start its move at 120, or of ⅜ of a point in Butte Copper & Zinc, given an initial price of 6.

A former cub reporter has told the writer of some very embarrasing difficulties he used to encounter when attempting to cover and properly report price movements on the old outside Curb. In those days many of the most active Curb stocks were low price mining shares, not a few of them selling in cents per share: and so in reporting the market it was necessary to consider with particular attention price movements in the mining stock group. It was only after several heated arguments that the reporter could get his editor to print reports such as "Willoughby Extension was strong, advancing ⅜ of a point from its previous close of 4½." The editor was horror stricken at the "absurdity" of referring to ⅜ of a point advance as an exhibition of strength. He could not digest the truth that ⅜ths of a point from a start of 4½ is equivalent to 4 points from a start of 50, 8 points from a start of 100, and 12 points from a start of 150. In other words, a stock that goes from $4.50 per share to $4.87 per share is just as "strong" as one which goes from $50 to $54, or from $150 to $162.

Another Error

Along dividend lines, the same errors are made, with the same misleading results. Harking back to our E. W. Bliss dividend rate of $1 per share it does, surely, seem a very low rate by comparison with the dividend rate, say, of the First National Bank of $100 per share. Yet, consider this: If you bought Bliss today (and this, by the way, is no recommendation either for or against) you would only have to pay around $25 per share, whereas to buy First National would cost you about $2,900. Therefore, your paltry "$1 per share" on Bliss would yield you about 4%, whereas the magnificent First National rate of $100 per share, would yield about 3.30%. In terms of net yield to you the $1 rate is really higher than the $100 rate.

. . . . Life today is in a state of flux. Sweeping changes are permeating every branch of society. It is difficult sometimes to know what to do. One law, however, has yet to be threatened. It is the law of compensation.

What has been said above may be applied with equal truth to the man who will not buy a high-grade investment stock at $500 per share because he could only afford to purchase 10 shares of it, whereas, the same funds would enable him to buy 100 shares of a $50 stock. What is it which leads him so far astray? Would he, along the same lines, argue that by slicing a cake in 50 pieces one would have more cake than if it were sliced into only 10 pieces? Yet that is exactly where his reasoning leads him.

The Subject of Values

Getting past equivalent prices per share yields, etc., we have a vast further field to cover. We have, for example, the subject of *values.*

How many investors are there who will favor the stock of a shoddy industrial company over that of a first-grade industrial, and actually buy the former simply because it offers a higher yield than the latter? Not many, you say? I'm sorry, but I think you are wrong. The investors who follow false standards in this wise are numbered by the thousands. They have not yet learned, and Heaven only knows whether or not they ever will learn, that you can't evaluate a security by merely comparing one of the factors governing it with the same factor as related to some other security.

A Fallacy That Is Known

Steady readers of THE MAGAZINE OF WALL STREET know that a security is never preferable to some other merely because it offers a larger yield, or merely because of any one other single superiority. *Any one single factor may be offset by a dozen others.* Standards of value do not rely upon yield alone, on earnings alone, on assets alone, on capitalization alone, on type of industry alone, on financial position alone,

BYFI'S
Recommendations Table
(For Small Investors)

$100 Bonds	Recent Price	Yield to Maturity
Hudson & Manhattan 1st & Ref. 5s, '57	91½	5.60
St. L. & S. F. R. R. prior lien 4s, '50	77	5.75
U. S. Rubber 5s, '47	90	5.80

Preferred Stocks	Per Share Dividend Rate	Recent Price	Yield
Cluett Peabody	7	107	6.60
American and Foreign Power	7	91	7.60
American Smelting	7	113	6.30
Radio Corp.	3½	49	7.20
Schulte Retail Stores	8	113¾	7.00

Common Stocks	Per Share Dividend Rate	Recent Price	Yield
American Tel. & Tel.	$9	140	6.42

on past records alone, on technical market position alone, on general market position alone. True standards are arrived at only after considering *all* these factors.

The good investment is finely balanced upon many pillars. Take one away and the strain may be too great for the underpinning to support. Attempt to erect an investment structure on only one such pillar and it will almost certainly collapse.

Life today is in a state of flux. Sweeping changes are permeating every branch of society. It is difficult sometimes to know what to do. One law, however, has yet to be threatened. It is the law of compensation.

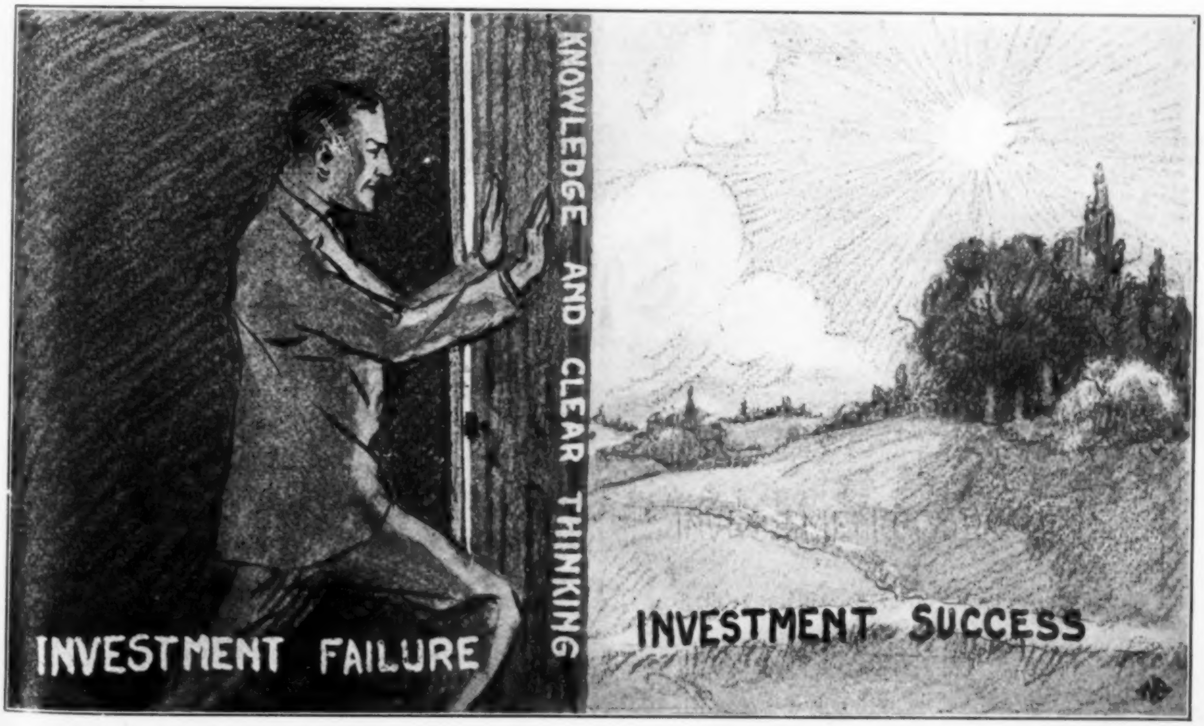
A Great Law of Finance

This is, perhaps, the great law of finance and investing. It is the law which keeps some high yield stocks from being any more attractive than some low yield stocks. It is the law which can make a security that is superior in one respect inferior in some other respect. It is the law which enables advances of two points mean more to the holders of one security than an advance of 20 points to the holders of some other security.

Stocks of Financial Institutions

It occurs to me to add the germ of what, if written, would be a most interesting story. I refer to the universal wail that the stocks of financial institutions sell on too low a yield basis to be attractive. As a matter of fact, some of the best yields in the market are obtained from just such securities. For example let us refer again to the stock of the First National Bank. The buyer of this stock three years ago would be receiving a yield of 10% on his investment today. He could have bought it then at $1,000 a share—and was advised to buy it in the Bank Stock section of THE MAGAZINE OF WALL STREET. Yet many investors who might have purchased this security wouldn't do so because of (1) the "high price" per share (it has since nearly tripled); (2) the low yield then current; (3) lack of marketability (offset by security) and as a matter of fact not a factor in the last three years, during which demand has been persistent and intense.

It's all a question of proportion, BYFI readers!



The Time We Waste

Reader of BYFI Suggests Better Uses for Spare Hours

TO THE EDITOR,
BYFI Department.
Dear Sir:

As a reader of your magazine from its very first edition in 1907 (I have never missed a single copy), I wish to contribute to the readers of this department a thought which may not have occurred to them, namely, the amount of time that is wasted in what may be called the social activities of today, made up of whole evenings devoted to trivial conversation, playing bridge and Mah Jong, and otherwise spending valuable time which can never be recovered.

Readers of this department are undoubtedly made up of a large proportion of comparatively young men and women who wish to get ahead. They should realize that they cannot take financial independence out of a bottle with a spoon. They have to work for it. If, therefore, they will admit that there are only twenty-four hours in the day, and begin to analyze just how they devote their waking hours, they will soon see that a large portion of them can be better employed.

Charting Your Energies

A simple method is to keep a daily sheet with a column at the left showing every ten minutes of the day from the time they wake to the time they retire. By jotting down their activities each day for a couple of weeks, they will at the end of that time be able to ascertain just what percentage was given to eating, sleeping, dressing, business, reading newspapers, bridge, light conversation, etc. They will doubtless be surprised at the large percentage of hours that can be better employed. Once their eyes are opened they will take a different attitude toward these subjects that soak up a man's time almost without his being aware of it and give him little or nothing in return.

Upon analysis of his friends' conversation he will find that in not a few cases, not a single brain cell is operating; that a golf score, or a grand slam in bridge is of much more importance to them than how much interest will be derived from their savings and investments five or ten years from now.

Worth While Kinds

Why should young people with ambition surround themselves with these lightweight personalities, when in the bookstores, libraries, and probably on their own book shelves, there are means of associating with the greatest minds that have ever lived? There they will find those who are worth while; those who will help make progress toward better things, mentally, spiritually, commercially, financially and every other way.

The modern method is to hop up from the dinner table and sit down for three hours of bridge. Do this two or three hours a week (and many people devote more than that time to it), and it means that you have devoted a hundred to a hundred and fifty hours, or from four to eight days out of every year to something that will not get you anywhere in your old age.

Perhaps readers might think from this that I am a hundred years old, and never chewed, smoked or drank. Well, I am only half that and I have done all of those things, but I realized long ago that while the people around me might waste their time I could not afford to waste mine if I expected to get along.

Dividends in Time

Let your readers cut out an hour's worth of foolish conversation every day, and devote that time to the study of investment and see how much richer they will be ten years from now. The people with whom they might have exchanged this conversation will, in many cases, be found at the end of that time kicking because their bosses don't realize how much more salary they should receive.—R. W.

Is Your Prize Story Written?

Ample Time Yet in Which to Get In "Under the Line"

"I just wonder now, if I couldn't win the big prize."

By the PRIZE CONTEST EDITOR

Time Limit:—Monday, October 26, 1925.

Address:—1925 Prize Contest
The Magazine of Wall Street
42 Broadway, New York City

Contest: For the Best Article Submitted by a Reader, suitable for publication in these columns.

Prizes: First Prize, $100; Second Prize, $50; Third Prize, $35.

Suggestions: Write an article you think our other readers would enjoy.—Make it as interesting, entertaining or instructive, as you can.—Write on until you've said what you have to say; then stop.—Decorate, or suggest decorations (maps, photos, illustrations, charts, etc.) for your article, if you can.—Make your manuscript legible.—Stick to the point.—Choose the subject you know best.—Help the editors reach an early decision by getting your article in well before the closing date.

Protecting Your Family Against the One Thing They Cannot Dodge

Providing for Expenses Which Every Human Being Incurs and Which Few Families Are Adequately Prepared to Meet

By FLORENCE PROVOST CLARENDON

HIGHER rents and food, more expensive clothes, automobile maintenance, "keeping up with the Jones's"—these are main factors which increase the high cost of living. We all talk about it, but few of us are willing to forego one jot or tittle of the comforts that have grown to be necessities. So be it. If we won't decrease the expense, we must increase the income!

There is an accompaniment to the High Cost of Living which must also be reckoned with: The High Cost of Dying. This is not so popular a subject. It is something that belongs to an indefinite future, and we are eager to thrust the thought out of our minds with a deprecatory "*Manana, manana!*" To-morrow will do!

The expenses of that readjustment period which follows the death of the bread-winner—millionaire or man of modest income—should be carefully planned and prepared for, in justice to those who are left to "carry on." The man of average means should not fail to build up a special fund to meet the high cost of dying; the wage earner on small salary must not neglect to carry a "protective account" in order that his family may meet this expense. No man knows whether his summons to cross the Great Divide will come suddenly when he is unprepared, or whether nature's warning will give him time to "put his house in order" before slipping out. Many of us would choose the quicker route if an option were given.

In case of weeks or months of illness, medical and nursing costs are heavy. The longer the sickness the heavier the expense. Funeral bills alone in these days run into hundreds of dollars, no matter how simple the service. Sometimes the estate is called upon to meet a cost running into thousands of dollars for this one item of expense.

Take the average man on the street, carrying some life insurance protection for his family—perhaps $5,000 or $10,000—and a small bank account or thrift fund in addition. He is stricken with a malady which after a lingering illness proves fatal. Doctors', specialists', nurses', and druggists' bills mount up in alarming proportions. When the widow has pulled herself together in order to shoulder her responsibilities, she finds the bills incurred during those long weeks of anxiety will deplete her small estate by several thousand dollars. Instead of having $5,000 cash to help her go forward in life, bills have melted her life insurance proceeds to $3,000; or in place of $10,000 for her future living expenses, she must deduct one-third of the proceeds of her policy in order to pay these last debts against her husband's estate. Frequently there are outstanding bills against her husband's name which have long antedated his last illness and which he had always expected to pay off "some time." They must be deducted now from his estate. Is this fair? Should not a man make such *additional* preparation to meet these obligations that his family will not suffer in discharging them?

The Cost of Protection

A policy of life insurance may be carried especially to defray readjustment expenses following the death of the head of the family. At a cost of about $20 per $1,000 annually, a young man between the ages of 25 and 35 can obtain a 30 Payment Life policy under which premiums would be completed before old age. For $60 a year a policy of $3,000 could be carried which would be immediately available when necessity arose for the payment of medical, nursing, and funeral expenses. This policy should be carried *in addition* to that designed for family protection and

(*Please turn to page* 1123)

Petroleum

New Important Oil Factors

What Development of Uses for Kerosene and Fuel Oils Means to Industry—Leading Companies' Activities

By L. M. FANNING

Possibly the greatest problem confronting the oil industry is what disposition it should make of its heavy over-supply of unrefinable crudes and fuel oils. If demand for these products could be doubled, the entire industry would be placed on an exceedingly profitable basis. What the leading companies are doing in this connection is clearly brought out in this especially timely review.

THE age of gasoline lasted in the oil business from 1900 to 1920. In the latter year, the price of that product reached its peak, being approximately double the present price.

The depression which has intermittently characterized the petroleum industry since 1920 has been directly attributable, from an evening viewpoint, to the comparatively low prices for gasoline. These low prices were due, of course, to related circumstances, the principal of which were overproduction of crude oil and the increased yield of gasoline from crude through the widespread use of cracking processes for the extraction of gasoline.

The oil companies have two alternatives, in the opinion of experts, under the present conditions:

(1) To await, as many have done, a repetition of high gasoline prices.

(2) To develop uses for other products which may make up for the lower prices for gasoline.

The far-seeing oil executives are, doubtless, taking the latter course.

Standard Oil policy has been, not to try to get excessive prices for oil products, but to develop new uses for oil so that an equitable price level in itself will assure adequate earnings, without a "runaway" market. Runaway markets are not favored by the big oil interests. They cause political enmity and have other unfavorable features. The big earnings usually accompanying a runaway market usually are offset by depressed markets which come about as a rule due to overproduction caused by the excessive prices.

Will Turn to Heavy Oil

There are two products which the oil industry has in too great quantities, and the work which oil companies are taking up to improve their position is that of developing new uses for them. Gasoline was once thrown away as a waste product. The products which they now contemplate and are developing are not waste products, except that there is too big a supply on hand to meet the existing needs. *The products are kerosene and fuel oil.*

Kerosene has become a drug on the market to the oil industry, to a certain extent. The export and domestic markets have slowly been ebbing, with the result that stocks have been gradually piling up. Kerosene has had to be manufactured in connection with the refining of gasoline, so the oil companies have had to make it whether they wanted to or not.

Prior to the age of gasoline, kerosene was the mainstay of the oil business. It was used largely for lighting purposes.

Oil companies are now trying to develop the use of kerosene and furnace oil on a large scale for heating. To do this they are encouraging the development of oil-burning devices for home use which will burn kerosene. *It is conceived that some day not far off there will be* 10,000,000 *of these burners in use consuming a total of* 15,000,000,000 *gallons of kerosene annually.* That is approximately five times the combined domestic and export demand in 1924 and ten times the domestic demand for that year, which amounted to 1,549,357,253 gallons. It is almost twice the domestic consumption of gasoline for 1924.

The Standard Oil Co. of New York, always one of the biggest marketers of kerosene, owns the "Arrow" oil burner, which it manufacturers and sells through its subsidiary the Socony Burner Corporation in New York and New England. It has made a contract through which the burner will be manufactured and sold throughout the remainder of the country by the *Timken-Detroit Co. The Standard Oil Co. of California, New Jersey, Indiana,* and other big Standard companies are manufacturing and marketing furnace oil and have done much experimental work on developing their own oil burners.

Independent oil companies are not asleep at the switch. The *Cities Service Co.'s* oil division has been a pioneer in developing oil burning. Henry L. Doherty is essentially a salesman, and he has conducted his oil interests with a particular view to developing new uses for oil products. Oil-burning is one of his hobbies. He has developed a

combination oil and gas domestic burner.

Kerosene is a product of crude oil ranging from about 44 degrees Baume in gravity down to about 40. Furnace oil usually ranges from 38 Baume to 42 Baume, but in some sections 34° gravity is marked. Grades of oil below 38 Baume are usually classed as gas oil and fuel oil, after the lubricant content has been removed.

One of the biggest problems which the oil industry now has to face is an oversupply of unrefinable crudes and fuel oils. There are approximately 2,500,000,000 gallons of fuel oils in California alone, or about double the total supply east of the Rocky Mountains.

Uses for these products may be classified in three ways: (1) Bunker oil, or fuel for ships. (2) Diesel oil, for use in Diesel engines, which engines are being used to drive ships, railway locomotives, and for other land power purposes. (3) Fuel oil to replace coal to generate steam in manufacturing plants, large office buildings, department store buildings, and so on.

It would be ridiculous to try to make even close estimates of the possible consumption of these products, but in 1924 the domestic demand alone for gas and fuel oils aggregated 12,285,681,746 gallons. This amounts almost to 300,000,000 barrels, or 45% of the total output of crude in the United States in 1924. *Double the demand for gas and fuel oils, and it would require the bulk of the current production of crude petroleum to fill it.*

As to Companies

The Standard Oil companies have, because of their financial ability and business acumen, always kept just a little ahead of the rank and file of oil concerns in preparing for future developments, especially as to developing markets for oil. It must be admitted that these companies now have on hand a vast supply of fuel oil and kerosene for which they wish to make a market. Otherwise it will lie idle on their hands for years and represent large expense and loss in carrying charges.

The independents, however, must not be left out of it.

The Standard Oil Co. of California is probably the largest producer of heavy oil in the United States, having a potential output of this grade of at least 100,000 barrels daily. It has a large interest in the *Pacific Oil Co.,* the second largest producer of heavy oil in California. Pacific Oil controls the *Associated Oil,* which is also a large producer of heavy oil in California.

Taking the three companies as a single unit, there is a combination standing highest in production of heavy oils. In addition, these three companies are estimated to have the largest supply of heavy oil in storage, amounting to at least 40,000,000 barrels.

On the other hand, the market for this oil on the Pacific Coast is not in proportion with the supply. It is possible that much of this fuel oil will therefore be sold to such companies as *Standard of New York* and *Standard of New Jersey,* which are located in the heart of the biggest consuming area for fuel oils.

The Standard Oil Co. of New Jersey, through the *Standard Oil Co. of Louisiana,* was the biggest single producer of Smackover heavy crude, and stored up more than 10,000,000 barrels in that field. *Humble Oil* is a large producer of heavy oil. The Jersey company is therefore a large producer of heavy oil, and besides has unsurpassed marketing facilities.

The Standard Oil Co. of New York is one of the largest marketers of furnace oil and is fast developing a greater market for this product. Its largest controlled source of supply is that of the *Magnolia Petroleum Co.,* which it controls. Magnolia is largely a high grade oil producer, however.

The Standard Oil Co. of Indiana plunged into the fuel oil business in earnest when it bought control of the *Pan American Petroleum eastern and Mexican properties.* Pan American is one of the largest producers of oil in Mexico, which oil is largely valued as a fuel oil. The company ranks second only to *Standard of New Jersey* as a marketer of fuel oil on the Atlantic Seaboard, doing a business estimated at 50,000 to 75,000 barrels daily in that territory alone.

Among the independent companies (including foreign concerns) which stand out as big producers of heavy oil are:

Shell Union Oil (Dutch-Shell subsidiary), California Petroleum Corp., General Petroleum Corp., Union Oil Co. of California, Texas Co., Gulf Oil Corp., Humble Oil & Ref., Sun Oil, Standard of Louisiana.

Another line of companies seems to stand out, in addition to those above mentioned, as potentially large producers of heavy crude. These are the companies now operating in South America. They include *International Petroleum, Ltd.,* (controlled by *Imperial Oil of Canada,* which is in turn controlled by *S. O. of N. J.*), *Lago Petroleum, Maracaibo Oil Exploration* and several others.

Marland Oil, Skelly Oil, Phillips and others are large producers of high grade oil. Naturally gasoline is their most important product, from the viewpoint of profits. Although they may not participate in the fuel oil market to as large extent as the big heavy oil producers, their market is bound to benefit indirectly. With the market for fuel oil developed, the supply of fuel oil for cracking and of crude will be depleted, thus giving strength to the price of light oil and of gasoline.

Ray Consolidated Copper Corporation

Ray Moves Closer to Dividends

Ray Consolidated's Improving Results*

Quarter Ended	Grade of Ore treated (Per Cent)	Mill Recovery (Per Cent)	Average Price Copper (Cents)	Average Cost Copper (Cents)	Pounds Produced (Lbs.)	Net per Share†
March 31, 1923‡	1.59	78.26	15.48	11.99	14,009,441	$0.16
June 30, 1923‡	1.61	76.33	15.42	11.92	16,327,699	0.15
September 30, 1923‡	1.61	72.93	14.83	12.06	16,003,561	0.11
December 31, 1923‡	1.49	72.46	12.74	12.91	15,044,504	Deficit
March 31, 1924	1.54	74.20	12.81	11.75	33,392,026	0.11
June 30, 1924	1.56	77.65	13.01	11.28	32,000,013	0.18
September 30, 1924	1.56	78.60	12.85	11.32	32,911,783	0.16
December 31, 1924	1.58	81.70	13.46	10.87	36,288,645	0.32
March 31, 1925	1.54	82.75	14.14	10.86	36,242,239	0.39
June 30, 1925	1.48	82.72	13.50	10.97	34,700,792	0.29

*Note gradually increasing per share earnings through lower costs and better prices for copper. Observe importance of increased mill efficiency in accomplishing lower costs. †Before depletion. ‡Does not include Chino.

LIKE humans, stocks have reputations. Ray Consolidated is known among traders as a slow mover. In the minds of many "involuntary investors" it has been a bitter disappointment. Unfortunately substantial blocks were distributed in 1916 at over 30, at prices which never have shown purchasers a profit. The long pull price trend was downward from late in 1916 till the middle of 1924. Probably more people have had unfortunate experiences with Ray than with any other issue representing ownership in a real producing copper company.

Directly after the big distribution of Ray Consolidated which took place in 1916, one of the larger holders unexpectedly was forced to liquidate. This prevented the big move in the stock which otherwise probably would have taken place in 1917 and 1918. When operations were resumed in April, 1922, after a shutdown of a year due to the impossible copper situation which prevailed during the deflation depression, the company did not operate efficiently and made a relatively poor showing in comparison with other copper producers. This led many people to think that Ray was a "lemon" and large holdings of stock were liquidated.

Poor Results Explained

Ray's poor showing for 1922, 1923 and the first half of 1924 is easily explained. Wages were kept about $1 a day below the prevailing level in nearby camps and a poorer class of miners were attracted. Greatly needed mill improvements were delayed pending the settlement of litigation with Minerals Separation Company involving treatment processes. In short, the management made no effort to show what Ray could do.

Moreover, at the beginning of 1924, Ray took over Chino Copper's properties. At the time of acquisition, Chino was in anything but good shape. It was short of working capital and way behind on development work as well as in treatment facilities. A good deal of attention had to be given to the removing of waste matter from Chino's orebody. Chino had to have new steam shovels and mill equipment, and Chino's refractory ore problem was inherited only partly solved.

With the company showing an earning power of less than 50 cents a share per year, after having been in production for more than ten years, it is small wonder that the shares sold down to a low of 9 in the Spring of 1924.

Soon after the stock touched its record low price a little over a year ago, new buying in it became evident. This could be traced to strong copper interests, people who probably knew what they were about. Immediately there was a notable improvement in mill recoveries of copper, and within nine months the cost of producing copper was cut a full cent a pound.

The better results were made possible by (1) the installation of new mill machinery at both the Ray and Chino properties, (2) an improvement in the labor situation, and (3) by progress in removing the over-burden from the Chino ore body. The company still is making improvements at the Ray mill and is continuing to do a large amount of abnormal development at Chino. Costs have been cut to under 11 cents a pound from nearly 13 cents a pound at the end of 1923. Mill recovery has been increased from 72% to 82%. Before many months, mill recovery will be further improved and the management confidently expects to get costs down to about 10 cents.

A Big Producer

Ray Consolidated is no small copper company. At present it is producing about 140,000,000 pounds per annum, and capacity probably is close to 180,000,000 pounds. Ore reserves are sufficient to assure from 30 to 35 years of additional life. Next to Utah Copper, Ray's ore position is more favorable than any other copper company in the porphyry class.

The company frequently has been mentioned as the nucleous of a great Southwestern copper merger which would include not only Inspiration but also Phelps-Dodge and Calumet & Arizona. At one time, in fact, the absorption of Inspiration seemed a matter of weeks. It is understood that engineers made reports on which the exchange of stock terms were to be based, and that these were so favorable to Ray that the Inspiration people refused to accept them. At any rate, the merger was postponed till such a time as the ratio of market prices was closer to 1¼ shares of Ray for one Inspiration, or at least so the rumor has it. Ray's advantage is that it is a long-lived property. Inspiration's disadvantage is that its estimated life is only about half as long, or possibly fifteen years.

In preparation for a merger, it is understood that interests close to Anaconda, the controlling stockholder of Inspiration, have acquired a considerable block of Ray Consolidated stock. One thing is certain, this talk of a merger between Inspiration and Ray is not pure conjecture. There is something very tangible back of it.

Dividend Possibilities

Ray's financial position is better than that of Inspiration, and Inspiration is now paying dividends. Dividend resumption on Ray, however, probably will have to await the completion of rehabilitation work at the Ray and Chino properties. If copper keeps at current levels, around 14⅞ cents, Ray will earn about $1.50 a share this year, and with copper even at 14½ cents or better next year, production a little nearer capacity, and costs down close to 10 cents, 1926 earnings may be nearer $3.

Ray's rehabilitation program will be completed by the end of the year and dividends in 1926 are a reasonable expectation. With the stock on a $2 dividend basis it should sell between 20 and 25 compared with a current price of around 13. Thus, the increasing popularity of Ray Consolidated stock is not difficult to explain.

Pittsburgh Coal Company

Pitts. Coal's Troubles Near an End?

Pittsburgh Coal's Recent Financial History

Year End Dec. 31	Production (tons)	Coal Purchased (tons)	Preferred Earned Per Share	Preferred Paid	Common Earned	Common Paid	Cash Dec. 31†
1918	17,073.283	83,866	$11.55	$6.00	$11.55	$5.00	$8,989,853
1919	13,630,798	221,717	6.05	6.00	6.05	5.00	12,648,704
1920	12 250.932	97,754	14.40	6.00	14.40	5.00	10,680,473
1921	8,261,635	694,927	6.00	6.00	3.83	3.50	9,531,661
1922	5,452,255	1,160,462	6.00	6.00	3.79	4.00	12,186,776
1923	13,915,588	2.061,315	9.65	6.00	9.65	3.00	6,803,751
1924	9,070,873	*	0.81	6.00	....	....	6,143,548

*Not available but officially stated at "several million tons." †Exclusive of reserves.

RECKONING a consolidated funded debt of $11,562,849 at par, 350,000 shares of 6% cumulative participating preferred stock at 86½ and 321,692 shares of common at 43, the total assets of the Pittsburgh Coal Company are appraised in the stock market at about 55.6 millions. At the end of last year, net working capital plus liquid reserves amounted to 26.2 millions. Deducting the last figure from the company's market valuation, its fixed assets are appraised at roughly 29.5 millions.

To visualize what this means, it can be reckoned that the appraisal is equal to:

$420,671 *per mine for 70 developed and equipped bituminous mines;*

$1.28 *per ton for an officially estimated productive capacity of* 23,000,000 *tons per annum; and* 2.26 *cents per ton for at least* 1,300,000,000 *tons of mineable coal in the ground.*

Since holdings of cash and readily marketable securities (partly in reserve funds) at the end of last year amounted to just under 16 against 4.9 millions total current liabilities and a consolidated funded debt of 11.5 millions, the company is in sound financial position.

However, in spite of the facts cited, the common stock is not paying dividends and occupies an entirely speculative position; and the preferred stock, formerly a high-grade investment issue, now must be regarded as at least "semi-speculative."

Last year, the company did not earn anything from coal production in the Pittsburgh district and actually lost money on 8,447,193 tons mined in that section. On an almost insignificant output in Kentucky a small profit was sustained. The main part of its income came from the purchase and sale of non-union coal from West Virginia and Kentucky bituminous mines. This could be bought at a lower price than the company's unionized mines in the Pittsburgh district could produce. Net earnings in 1924 after charges were equal to only 81 cents a share on the preferred.

Now, the grade of Pittsburgh Coal's Pittsburgh district bituminous is just as high as the grade of coal produced in West Virginia and in Kentucky. Mining conditions in the Pittsburgh district are just as favorable as far as physical factors—width of seam, etc.,—are concerned. The disadvantage is wholly in the labor situation. The Pittsburgh district is union territory, and under the domination of the United Mine Workers. Most of the mines in Kentucky and in Southern West Virginia are non-union. The labor cost of production is a great deal higher in the Pittsburgh district, assuming the same physical conditions in the mine.

It is an acknowledged fact, both by union leaders and by operators, that the bituminous industry is over-developed. There are too many mines and too many miners. This means competition. It also means that the lowest-cost mining organizations are going to get the business. Companies like Island Creek Coal, which owns a wide seam, high grade deposit in non-union territory, are extremely prosperous. The business of Pittsburgh Coal is sorely depressed.

To solve the problem, early this year Pittsburgh Coal closed all of its 54 union mines, some of them permanently. Customers were supplied by the company's few non-union mines and by purchases from non-union mines of other companies. Profits so far this year, therefore, cannot have been large. Probably the management has drawn upon surplus to pay preferred dividends.

A major adjustment in the company's business is in progress. The outcome is not yet certain. For the time being all that can be hoped for is the maintenance of preferred dividends.

Recently, some of the lower cost mines in the Pittsburgh district have been reopened, the miners returning under the 1917 wage scale and not under the wage scale set up by the Jacksonville agreement. Contrary to the general impression, however, Pittsburgh Coal is not fighting the unions.

Naturally the United Mine Workers have made an effort to prevent the return of the miners under the 1917 wage scale but, on the whole, the effort has not been successful. The men are sick of loafing all the time, or even three or four days a week. They are beginning to be ready to make concessions for the sake of "good runnin' time." However, the company's problem is not one which can be solved over-night, and the solution still is beset with difficulties and complications.

The most hopeful thing which can be said is that the United Mine Workers organization is beginning to lose ground. An effort is being made to solve the problems of union operators. The speculative possibilities in Pittsburgh Coal common and preferred stocks are bound up in the success of the effort. Obviously such speculative possibilities are distinctly of the long pull sort.

The preferred stock, which participates equally with the common after $6 a share has been paid on the junior issue, is selling at about 88, the same price as American Woolen preferred which is a $7 issue. The dividend on American Woolen preferred looks equally well protected, all things considered; and it probably is being earned. American Woolen's outlook is of less of a long pull nature than that of the coal company. The participating feature of the preferred stock of Pittsburgh Coal has never yet resulted in dividends of more than $6 a share. The holder of Pittsburgh Coal preferred might switch into Woolen preferred.

The risks involved in purchasing or holding the common stock seem out of proportion to near-term speculative possibilities. Regarded as a long-term commitment, say several years, it is moderately attractive; but the chances are that there will be more favorable opportunities to buy the common before it develops any important earning power.

SERVICE SECTION

ANSWERS TO INQUIRIES

SUBSCRIBERS—ATTENTION

The Inquiry Department enables you to adapt THE MAGAZINE OF WALL STREET to your personal problems. As a yearly subscriber, you are entitled to receive FREE OF CHARGE a reasonable number of PERSONAL REPLIES BY MAIL OR WIRE on any security in which you may be interested. Inquiries cannot be received or answered by telephone nor can personal interviews be granted by this department. The inquiries presented in each issue are only a few of the thousands received—48,101 in the first six months of 1925. The use of this personal inquiry service in conjunction with the Magazine should help you to get hundreds or thousands of dollars of value from your $7.50 subscription.

Are You Sure of Your Broker?

We invite correspondence from readers desirous of ascertaining the status of brokers with whom they intend to do business. We make no charge for this service, as we recognize the importance of having our readers deal through reliable firms.

HUPP MOTORS

Please give me some advice on Hupp Motors. On the advice of a friend I sold 50 shares of Hudson early this year and bought 100 shares of Hupp with the proceeds. Would you continue to hold Hupp if you were in my position or can you recommend some other motor shares to which I could switch?—A. F. V., Chicago, Ill.

The outlook for Hupp Motor is sufficiently bright to warrant the maintenance of a constructive attitude toward the stock. The company has achieved considerable success in the marketing of its eight cylinder car, actual output being about 50% above that originally planned. Export business has exceeded all expectations. Reflecting a combination of efficient management and excellent trade conditions the company is experiencing the greatest prosperity in recent years. Although indications are for a general slowing down in the industry, we would say that on the basis of the company's showing to date and visible prospects, the speculative possibilities of Hupp shares have not as yet been exhausted.

PACKARD MOTOR

Do you believe Packard Motor can increase its dividend rate? I bought 100 shares at 12¼ about five years ago and, of course, I am very well pleased now with the position of the stock, although there were many anxious periods in the meantime. If the company is doing as well as newspaper articles seem to indicate I should think the company could pay a larger dividend and the stock sell higher.—A. S. K., Elizabeth, N. J.

A dividend increase on Packard Motor shares is not beyond the realms of possibility. It is estimated that the earnings of the company for the current year will approximate $4.60 on the common stock, which is more than twice dividend requirements. As a matter of fact, on the basis of its showing in the last quarter reported, net is actually running at the annual rate of $8 per share, although, of course in view of the general slowing up in the industry this remarkable showing cannot be expected to continue indefinitely. Inasmuch as Packard has retired its preferred stock, and has over 15 millions cash on hand, it is in a position to adopt a liberal attitude toward shareholders whenever it so elects. We believe you would be justified in holding this stock for further market appreciation.

RADIO CORPORATION OF AMERICA

What is the cause of the new activity in Radio Corporation stock? I hold the common, having converted it from the old common into the new, and as I have been a holder of the stock for several years I have a very nice market profit if I take it. Would you advise me to consider this an investment and hold it indefinitely?—G. A. K., Chicago, Ill.

The recent strength noted in Radio Corporation of America shares has probably been due to recognition of the fact that this company is now entering upon its busiest season. Radio business is purely seasonable, the great bulk being transacted in the last four months of the year. Increased activity in prospect will doubtless be reflected in later earnings statements. Radio Corporation is the dominant factor in the radio field in the United States and has shown truly remarkable progress to date. Considering its position and strong affiliations, there is no reason to believe that earnings will not continue at an increasing rate along with the development of the industry. The greater merit of these shares appears to lie in holding for a long pull, but in view of the recent upturn in its affairs we feel there is a strong possibility of the shares moving into higher grounds in the reasonably near future.

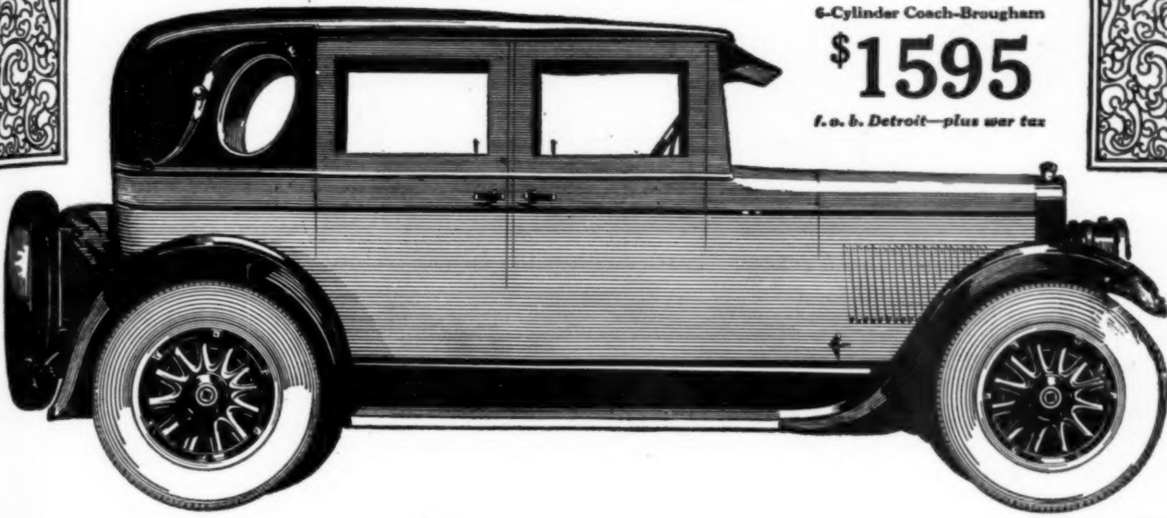
HUDSON MOTORS

You suggested to me several months ago the advisability of holding Hudson Motors and I would like to know if the 35 point advance since then completely discounts the improvement you expected in this stock. I have 50 shares which cost me 27 and 50 shares for which I paid 35.—E. P. H., St. Louis, Mo.

Hudson Motors shares have advanced to a level where they can hardly be said to be on the bargain counter, but considering the fact that this company is in a very strong financial condition, enjoys efficient management, and that earnings, both actual and prospective, compare favorably with anything in the company's history, we would say that the speculative possibilities of the stock have not as yet been exhausted. In actual figures, Hudson earned $12.66 per share in the first nine months which is double the $6.11 of the entire preceding year. Although, due to keener competition in prospect, profits of later months will probably be somewhat reduced, indications are that 1925 will be a banner year in the history of the company. The issue is a volatile speculative favorite, and as such is subject to rather erratic price movements, but should ultimately reach a somewhat higher level.

(*Please turn to page 1124*)

When Quick Service Is Required, Send Us a Prepaid Telegram and Instruct Us to Reply Collect



School for Traders & Investors

Sixty-Sixth Lesson

Feeling for the Top

An Expensive Indoor Sport Which the Average Trader Should Leave Alone

STOCK market history shows that whenever market averages of selected lists of representative issues, such as the averages published regularly by the *New York Times*, the *Herald-Tribune* or Dow, Jones & Co., approach or reach a level that has marked the top of a previous bull market, both sophisticated and unsophisticated traders and speculators declare an open season for shooting at stocks that bulge. This sport usually consumes considerable ammunition, and the results are frequently and repeatedly disappointing.

A Signal

During periods of relatively high prices for listed stocks, sharp advances become more frequent and spectacular. Many issues that have pursued a dignified and regular course for several months, and even some of the habitually sluggish issues, become sensitive to new and increasing speculative influences, and even develop ability as star performers. These sudden and more frequent price changes are usually accompanied by increased volume. Such manifestations are characteristic of the early stages of a distributing market. They often indicate that a bull market is *approaching* its culmination, but they do not necessarily indicate that the market is *at the top*.

Please note this distinction carefully. Right here is where many traders lose their perspective, dispense with the use of judgment, and resort to popular rule of thumb. This is poor policy in stock trading. Experience teaches that most market rules of thumb, that are repeated so glibly by amateurs, contain the most subtle fallacies when misinterpreted or misapplied. Some of the most apparent evidences of distribution occur not only long before the actual peak is reached, but also far below it with respect to price level.

During the fireworks that characterize the upper ranges of the market, many stocks advance to prices above their intrinsic values. Our amateur trader observes this phenomenon, and he is likely to fall into the error of congratulating himself in the belief that he has discovered something that others have overlooked.

He probably reasons something like this: "The public is being attracted by rapid advances in many stocks, and is buying all it can carry right at the top as usual. The wise insiders are slipping out of their stocks, and the public will soon be holding the bag. To make money in the market one must do what the insiders do, which is just the reverse of what the public does. These stocks are selling entirely too high, therefore I will sell them on this unreasonable bulge and cover at a good profit on the break which is bound to occur as soon as present buyers realize the trap into which they have been led."

A Deceptive Situation

There is just one weak point in this line of reasoning. Our trader has failed to realize that thousands of others probably have market instinct as keen as his, and these thousands have discovered the same secret, and are planning the same conspiracy, all at the same time. The result is that what appears to be a weak technical position owing to a rapid and unwarranted advance, is actually a very strong position, temporarily, due to the support of an overcrowded short interest. To sell short under such circumstances is like feeding straw to a fire. The straw goes up in smoke, and so do margins.

Our trader is never satisfied with one loss of this kind, but he continues to find stocks that are too high, and he attempts "to call the turn" on the basis of these new analyses, or perhaps he takes another shot at the stock that figured in his first operation, because it has just had a second or third unwarranted bulge. This game is sometimes called "feeling for the top." It involves no skill whatever, but is based entirely on guesswork. It is simply a game of chance where the player has only one chance to be right, and probably five or ten chances to be wrong. We recommend that our students avoid it entirely, and wait patiently for definite confirmation of a change in trend before embarking on a short selling campaign.

It should be apparent that the actual top of the price record of any stock, or group of stocks, or the entire market, can never be known until it has moved a certain distance into the past, and until a reversal of trend has been established. This means that any attempt to base a trading operation on the first downward swing from the top, must involve for the average observer a minimum amount of judgment and a maximum amount of chance. Therefore a speculative operation with this end in view cannot be defined as trading at all, but it is gambling, pure and simple.

Watch the Next Issue for Our Ratings of All Leading Oil and Mining Issues. This Feature Includes Bonds as Well as Stocks, and Will Be Found Useful by Investors and Speculators.

000

300,000 miles and more

No truck owner will operate a truck long enough to run 100,000 miles unless those miles are *money earning miles*

Once more the owners of White Trucks report from their actual records a volume of high truck mileages that has no parallel.

More than 6,000 Whites, whose owners actually check and report mileages, have run 100,000 miles and more each. We have no accurate record of the hundreds of additional Whites which have exceeded 100,000 miles. We do not count them.

A high-grade motor truck *should run* 100,000 miles. Whites *do*. Isolated performances of one truck, or even one hundred, are not performance standards. Hundreds of White Trucks, as far back as 1917, had set the 100,000-mile standard of measure for motor truck performance. And, while thousands of them have been reaching that mark, other Whites have gone on—doubling, trebling, quadrupling it.

More than 300 have passed the 300,000-mile mark and are still giving dependable service. Many have exceeded 500,000 miles.

Some 100,000-mile White owners have only a single truck. Some have as high as twenty or thirty in their White fleets that have each delivered 100,000 and more *money-earning miles*. Some Whites have achieved 100,000 miles in a few years. Others have required 10 years to run that distance. Still others, serving their owners with equal dependability and profit for 14 and 15 years, have not yet reached 100,000 miles.

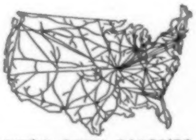
But White Trucks in all sections of the world—all models, in all lines of business—have contributed to this record. Mountain grade and desert sand, clinging mud and frozen ruts, broken city streets and untracked wilderness—through all kinds of going Whites have carried their pay loads over their hundreds of thousands of miles in all weathers, climates and altitudes.

We could offer no stronger proof that White Trucks give you more sustained, continuous, profit-making transportation than any other motor truck you can buy.

No other truck manufacturer has ever published such a volume of evidence of dependability, economy and long life. No other truck manufacturer can.

200,000 is almost as far as the distance to the moon—216,423 miles.

200,000 miles is more than 50 times the distance between New York and London.



UNITED STATES RAILROADS

300,000 miles is more than the total mileage of the railroads in the United States.

THE WHITE COMPANY
CLEVELAND

TRUCKS

Trade Tendencies

Trade and Industry Making Gains

Pace of Business Maintained With Trend Toward Increased Activity—Prices Firm

STEEL

Operations Higher

THE steel industry is proceeding along orthodox lines. The past fortnight has brought no pronounced change in respect to production or volume of new business, but there has been some further improvement in respect to both. Operations are slightly in excess of 75% of capacity, although there is considerable variation between the principal manufacturing centers.

A significant feature is the tendency toward more liberal ordering against anticipated requirements. Deliveries are not quite as prompt as heretofore, probably because the mills are expanding output rather more slowly that new orders would permit. The result has been to make consumers a little anxious and encourage forward buying on a moderate scale. Indications point to a gain in unfilled tonnage for the month of September.

Competition in the cast iron pipo

(*Please turn to page* 1142)

COMMODITIES*

(See Footnote for Grades and Unit of Measure)

	1925 High	1925 Low	*Last
Steel (1)	$38.00	$35.00	$35.00
Pig Iron (2)	22.00	18.00	18.50
Copper (3)	0.15¼	0.13¼	0.14⅜
Petroleum (4)	3.80	3.00	3.25
Coal (5)	2.17	1.82	2.17
Cotton (6)	0.25⅝	0.22½	0.23⅝
Wheat (7)	2.31¾	1.50	1.50
Corn (8)	1.27	0.78	0.78
Hogs (9)	0.14¼	0.10⅛	0.13⅛
Steers (10)	0.14	0.10¾	0.13
Coffee (11)	0.23⅞	0.17⅛	0.20¾
Rubber (12)	1.20⅛	0.35	0.95
Wool (13)	0.70	0.48	0.53
Tobacco (14)	0.24	0.22	0.22
Sugar (15)	0.01⅞	0.04⅛	0.04⅛
Sugar (16)	0.07	0.05⅛	0.05½
Paper (17)	0.04	0.03⅝	0.03¾

*Sept. 26.

(1) Open hearth billets, $ per ton; (2) Basic Valley, $ per ton; (3) Electrolytic, c. per pound; (4) Pennsylvania, $ per barrel; (5) Pittsburgh, mine run, $ per ton; (6) Spot, New York, c. per pound; (7) No. 2 red, New York, $ per bushel; (8) No. 3 Yellow, Chicago, $ per bushel; (9) Light, Chicago, c. per pound; (10) Ton, Heavies, Chicago, c. per lb.; (11) Rio, No. 7, Spot, c. per lb.; (12) First Latex crepe, c. per lb.; (13) Ohio, Delaine, unwashed, c. per lb.; (14) Medium Burleigh, Kentucky, c. per lb.; (15) Raw Cubas 96° Full Duty, c. per lb.; (16) Refined, c. per lb.; (17) Newsprint per carload roll, c. per lb.

THE TREND IN MAJOR INDUSTRIES

STEEL—Some forward buying in evidence. Industry operating slightly above 75% of capacity. Production expanding slowly. No indication of immediate change in price situation though undertone is firmer.

METALS—Copper declines unexpectedly to 14¼ cents a pound as sellers compete for business in dull market. Statistical position remains strong and recovery appears likely. Lead is steady and zinc strong.

OIL—Sharp cuts in California crude oil threaten stability of Mid-Continent price structure. Production of light crude increasing. Stocks also beginning to pile up once more.

TEXTILES—Fall demand together with agricultural buying stimulate textile trade. Business in cottons and woolens is broadening. Production has probably passed the minimum. Silk mills running at capacity.

LEATHER—Some slackening noted in shoe and leather industries. Stocks of leather show a gain. Prices, however, are steady despite irregularity in hides.

MOTORS—August production shows falling off of about 140,000 units compared with July. Truck output will probably continue with no great change, but passenger car activities are likely to contract more rapidly.

RUBBER—Raw material market showing strength but indications point to easier price tendency later on. Smaller tire companies curtailing operations and larger producers will soon follow suit.

BUILDING—August building activity establishes new high record. Stocks of cement show marked decline. Production of lumber not greatly changed.

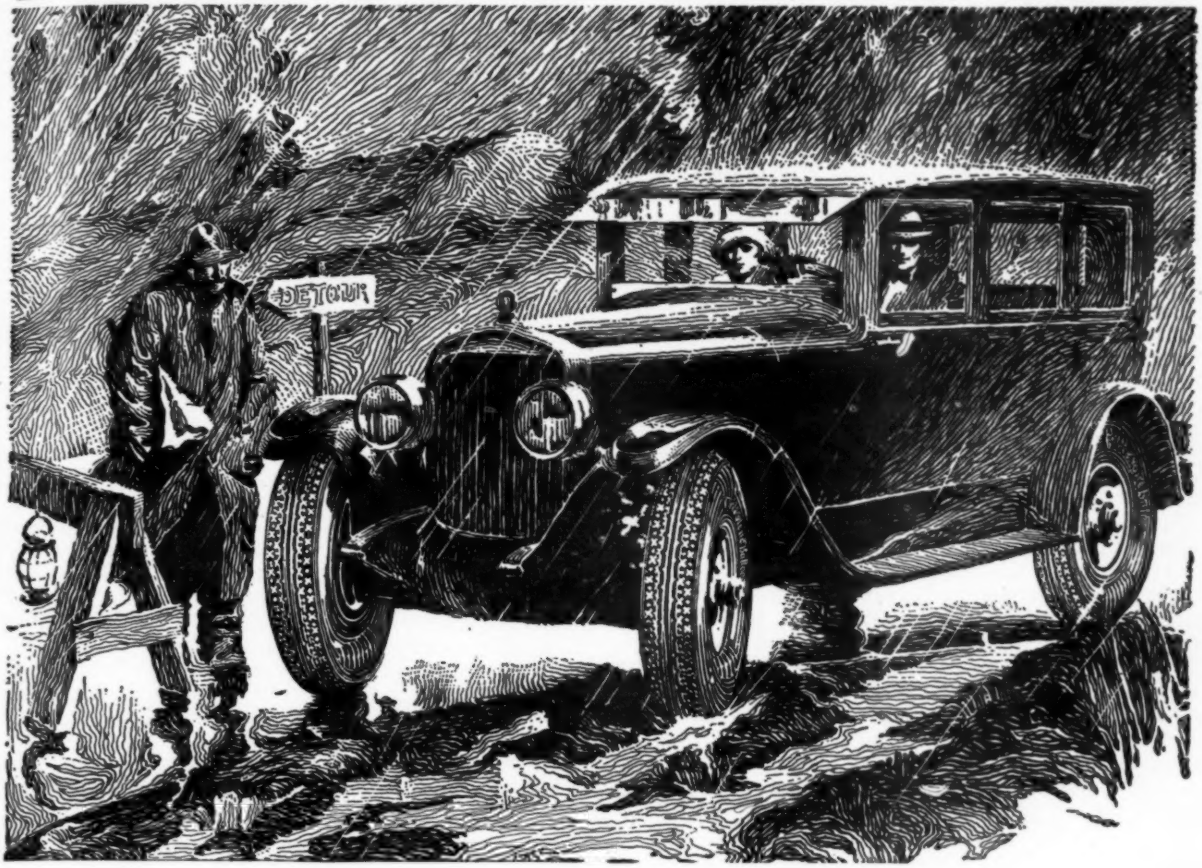
CHEMICALS—Chemical manufacturers in good position. Stocks light due to fairly active summer season. Heavier consumption anticipated with expanding operations in consuming industries.

SUGAR—Fears of another large crop in the coming season have unsettled the raw sugar markets. Meanwhile, there is little in the immediate outlook to suggest material improvement in the situation.

COAL—Demand for bituminous expanding. High-grade and smokeless coals especially active. Prices firmer despite marked gain in production. No change in anthracite situation.

SUMMARY—The volume of wholesale and retail trade is large with the tendency toward further expansion. Industrial activities are likewise gaining but irregularly. Notwithstanding the mixed crop prospect, farm buying power is high as reflected in volume of mail order and farm implement sales. Commodity prices show underlying firmness, on the whole. Business should continue to gain.

AMERICANS SHOULD PRODUCE THEIR OWN RUBBER . . . H. S. Firestone



Gum-Dipped — for Extra Service

Gum-Dipping—the extra process that impregnates every fiber of every cord with rubber—gives Firestone Full-Size Balloons the extra strength and endurance under flexing that insures the extra mileage, safety and comfort enjoyed by hundreds of thousands of car owners.

In racing, which is the most strenuous test for tires, Firestone Cords—Gum-Dipped—have won every important event for years. At Indianapolis, in May, Firestone Gum-Dipped Balloons set a new world's 500-mile record of 101.13 miles an hour. At Altoona, Pa., Gum-Dipped Cords won with an average of 115.15. Then at Laurel, Maryland, Gum-Dipped Cords won again—with 123.33 miles an hour for 250 miles—without tire change.

See your Firestone Dealer today. He will change over your car promptly to Full-Size Gum-Dipped Balloons. His generous allowance for your old tires makes the cost very reasonable.

MOST MILES PER DOLLAR — The Mark of Quality — FACTORIES: AKRON, OHIO . . Hamilton, Ontario

Firestone

FULL-SIZE GUM-DIPPED BALLOONS

CASH OR CREDIT—WHICH IS BEST FOR BUSINESS?

(*Continued from page* 1073)

"I will cite you a case which is typical—there are innumerable others just like it. A man came into our office. He said he was thinking of buying a car. His salary was $190 a month and he was paying $65 for the rent of an apartment where he lived with his wife and a little daughter. We told him a man in his position should give careful thought to his obligations in considering the purchase of a car. Then he explained his reason for wanting an auto. There was a place in New Jersey for sale which he could get by paying $500 down and about $50 a month carrying charges. There was a plot of ground on which he could raise garden stuff ample for the family needs. He would be able to have his wife and daughter out in the fresh air away from their rather sordid city surroundings and do it for less than it cost him to live in the city. But, the place was about six miles from the station and unless he had a car there was no means of transportation. He bought the place, a cheap car on time, and took care of his payments promptly. He has a home of his own, in the country, his family is better physically and mentally and he himself has become a substantial citizen and not a mere rent payer.

"I stood in the window of one of Boston's largest banks talking to its president. Below on the street was a string of automobiles stretching for blocks. The banker, pointing to the cars, said, 'Look at that mass of cars. Consider the money invested. How many of those people can really afford cars? How far is this sort of thing going? Where will it end?'

" 'I don't know,' I answered, 'and I don't think we need worry about the future of the owners. I'll wager that if you were to send a man to inquire of all those drivers of cars you would not find 5 per cent that were out for pleasure. Most of those people are bent on business in which the automobile is an aid.'

"The banker thought a minute and then said, 'I believe you're right. Come to think of it, I've seen few men driving cars just for the fun of it. But one sometimes is so amazed that he cannot help wondering if a reaction isn't coming sometime.'

"The trouble with many of us is that we are using the measuring standard of 1913. We react to conditions as we once knew them and our lopsided vision makes it appear that 1925 is living beyond its means.

"Purchasers who buy motor cars on the Deferred Payment Plan are usually good credit risks. Defaults on their obligations are quite nominal and the loss record on such paper over the past five years has been exceedingly favorable both in good times and in bad times. Even in 1920-21 during the depression period our losses were surprisingly small and we were able to pay our usual dividends out of current earnings where other standard industrial concerns found it necessary to reduce dividends or pass them entirely.

"Give people something to work for, something that keeps them hustling, and, barring a period of general depression, they'll make good," declared

(*Please turn to page* 1152)

IMPORTANT CHANGES IN CAPITALIZATION OF LEADING COMPANIES

(*Continued from page* 1097)

NEW ORLEANS, TEXAS & MEXICO RY. CO. (Subs. of Missouri Pacific R. R. Co.)

Plans to acquire control: of the SAN ANTONIO, UVALDE & GULF (318 miles); and five other lines—the SUGARLAND; ASHERTON & GULF; RIO GRANDE CITY; ASPHALT BELT; and LIVE OAK PIPE LINE. Cost will be.................$4,700,000

NORFOLK & WESTERN RY. CO. (See Virginian.)

NORTH AMERICAN CO.

Until Nov. 2—Offers to exchange: 1 sh. 6% Cum. Pfd. and 4/5 sh. Com. for WESTERN POWER CORP. 7% Cum. Pfd. Stk., up to 25,000 shs. of the 96,554 shs. Out.; also 1¼ shs. Com. for each of the 219,000 outstanding shs. of WESTERN POWER CORP. Com. Stk. Plan is contingent upon acceptance by a majority of WESTERN POWER CORP. Stockholders, thereby assuring control. No merger is contemplated. For WESTERN POWER CORP. Stockholders who prefer cash, the CENTRAL STATES ELECTRIC CORP., a large owner of NORTH AMERICAN CO. Stk., will pay cash at the rate of $60 a sh. for NORTH AMERICAN CO. Com. Stk. Units.

PENNSYLVANIA R. R. CO. (THE).

Plans to purchase: remaining 18,222 shs. Cap. Stk. of the WESTERN ALLEGHENY R. R. CO. (Extending 48 Mis. from West Pittsburgh to Brady's Bend, Pa.) for cash......................$911,100

PUBLIC SERVICE CORP. OF N. J.

Until Oct. 31—Offers: to 7% Cum. Pfd. Holders and/or 8% Cum. Pfd. Holders of record Oct. 2 right to subscribe, at $100, to 1 sh. 6% Cum. Pfd. Stk. for each 4 shs. held..................$11,556,475

READING CO.

Until Dec. 31—Offers to all classes of Stockholders of record Dec. 17, 1923, right to subscribe, at $4, to 1 sh. no-par Cap. Stk. of PHILADELPHIA & READING COAL & IRON CORP. for each 2 shs. of READING held............................shs 1,400,000 (On Sept. 21, the U. S. Dist. Court in Phila. granted 6 months' extension for exercise of these rts.; on ground that, to date, only about 45% of rts. had been exercised. Rts. remaining outstanding included 606,650 shs. owned by the B. & O., and 100,000 shs. owned by the Widener interests.)

REYNOLDS (R. J.) TOBACCO CO.

Up to and on Dec. 31—Will retire: at $120, all 7% Cum. Pfd. Stk. $20,000,000

ST. LOUIS-SAN FRANCISCO RY. CO.

Plans to acquire: through purchase for cash of its $2,500,000 Cap. Stk., the MUSCLE SHOALS, BIRMINGHAM & PENSACOLA R. R. (143 Mis.) $305,000

Plans to acquire: through purchase for cash, the JONESBORO, LAKE CITY & EASTERN RY. and ARKANSAS LINE (90 Mis.) $5,700,000

Plans also to acquire: the following four roads—SPRINGFIELD CONNECTING RY.; FAYETTEVILLE & LITTLE ROCK R. R.; LITTLE ROCK & TEXAS RY.; and PITTSBURGH & COLUMBUS RY.

SEAGRAVE CORP. (THE).

Oct. 20—To pay: to Cap. Stockholders of record Oct. 1, a Div. of 30c in cash, or 2½% in Cap. Stk........................shs 2,672

SUBMARINE BOAT CORP.

To change name: to "TRANSMARINE CORPORATION."

SOUTHERN PACIFIC CO.

Plans to acquire: the NEVADA-CALIFORNIA-OREGON, which operates 154 Mis. of R. R. in the Northwest; through exchange of $750,000 of its own Bonds for an equal principal amount of N-C-O Pfd. Stk. $750,000

U. S. REALTY & IMPROVEMENT CO.

Nov. 1—Privilege of converting: 7% Cum. Pfd. into Com., sh. for sh., expires. (Up to July 1, $7,234,900 Pfd. had been converted: leaving only $846,500 Out.)

VICKSBURG, SHREVEPORT & PACIFIC RY. CO. (See Illinois Central.)

VIRGINIAN RY. (Leased to Norfolk & Western Ry. Co.)

To issue: 1st mtg. 5s, '75.............................$7,500,000
To issue nominally: Add. 1st mtg. 5s, '75...............$3,896,000

WEST PENN CO. (THE). (See American Water Works & Electric.)

YELLOW TRUCK & COACH MANUFACTURING CO.

Oct. 10—To pay: to Class "B" Holders of record Oct. 2, a Div. of $25 in new 7% Pfd. Stk. $15,000,000

New York Stock Exchange

RAILS

	Pre-War Period 1909-1913		War Period 1914-1918		Post-War Period 1919-1924		1925		Last Sale 8/30/25	Div'd $ per Share
	High	Low	High	Low	High	Low	High	Low		
Atchison	125⅜	90¼	111¼	75	120⅜	91⅜	127⅞	116¼	121⅞	7
Do. Pfd.	106⅜	96	102⅛	75	96⅛	72	97⅜	92½	95	5
Atlantic Coast Line	148⅛	102⅛	126	79⅞	152¼	77	201⅛	147¼	196	‡7
Baltimore & Ohio	122¼	90⅜	96	88¼	84⅞	27⅜	84¼	71	81½	5
Do. Pfd.	96	77¼	80	48¼	66½	38¼	66⅛	62⅞	†65¾	4
Bklyn-Man. Transit	..	..	..	..	41⅞	9¼	59	35⅛	55¾	..
Do. Pfd.	..	..	..	..	75¾	31⅜	82	72⅞	†80	6
Canadian Pacific	283	165	220⅛	126	170⅞	101	152⅜	136½	148¾	10
Chesapeake & Ohio	92	51⅛	71	35⅝	98¼	46	111⅜	89¼	107¾	4
Do. Pfd.	..	..	..	..	109⅛	96	115½	105¼	114¾	6½
C. M. & St. Paul	165⅛	96¾	107⅛	35	52⅜	10⅞	16⅜	8¼	8½	..
Do. Pfd.	181	130½	143	62⅛	76	18¼	28½	7	15¼	..
Chic. & Northwestern	198⅛	123	136⅞	35	105	45⅞	75⅜	47⅛	68¼	4
Chicago, R. I. & Pacific	..	..	45¾	16	50	19⅛	54⅛	40⅛	46¼	..
Do. 7% Pfd.	..	..	94¾	44	105	64	99¼	92	†96½	7
Do. 6% Pfd.	..	..	80	35¾	93¾	54	89½	82	†84	6
Delaware & Hudson	200	147½	159⅛	87	141½	83¼	155	133½	144¾	9
Delaware, Lack. & W.	340	192½	242	160	260½	93	147¾	125	138½	‡6
Erie	61¼	33⅛	59½	18¾	35⅜	7	34½	26⅜	31½	..
Do. 1st Pfd.	49⅜	26¼	54⅜	15⅛	49¼	11⅛	46⅞	35	40	..
Do. 2nd Pfd.	39⅛	19⅛	45⅜	13⅛	46¼	7⅛	43¾	31	38	..
Great Northern Pfd.	157⅞	115⅛	134¾	79⅛	100⅜	50⅛	76¼	60	72½	5
Hudson & Manhattan	..	..	..	..	29¼	20⅛	38⅜	21¾	35	2½
Illinois Central	162½	102¾	115	85¾	117⅞	80⅞	119⅜	111	115½	7
Interboro Rap. Transit	..	..	..	..	39¼	9⅛	34½	13½	25	..
Kansas City Southern	50¼	21⅜	35¼	13½	41¾	13	43½	28⅜	40¼	..
Do. Pfd.	75½	56	65½	40	59½	40	62	57	59⅜	4
Lehigh Valley	121¼	62½	87⅛	50⅜	85	39½	83¾	69	78	3½
Louisville & Nashville	170	121	141⅞	103	155	84¾	120⅞	106	†117½	6
Mo., Kansas & Texas	*51⅛	*17½	*24	*3⅛	34⅜	*¾	45½	28¼	41	..
Do. Pfd.	*78¼	*46	*60	*6½	75¾	*2	91⅜	74¾	84⅜	5
Missouri Pacific	*77½	*21½	38½	19⅞	38⅞	8¼	41	30⅜	36	..
Do. Pfd.	..	..	64⅞	37⅛	71	22¼	88½	71	82½	..
N. Y. Central	147¾	90⅜	114¼	62½	119⅜	64⅛	124¾	113¼	122	7
N. Y., Chi. & St. Louis	109¾	90	90¾	55	128	23¾	138⅞	118	136	6
N. Y., N. H. & Hartford	171¾	65⅜	89	21⅛	40⅞	9⅜	39⅞	28	36½	..
N. Y., Ontario & W.	55⅜	25⅛	35	17	30½	14¼	34¾	20⅜	27	1
Norfolk & Western	119⅛	84¼	147⅛	92⅝	133¼	84¼	141½	123¼	138½	7
Northern Pacific	159⅛	101¾	118⅞	75	99⅞	47⅞	72⅜	58¼	69½	5
Pennsylvania	75⅝	53	61½	40¼	50	32¼	49⅜	42½	48½	3
Pere Marquette	*36½	*15	38⅛	9⅛	73	12⅛	74	61¾	†72	4
Pittsburgh & W. Va.	..	..	40⅜	17¾	94	21⅛	83⅞	63	81⅜	..
Reading	89⅝	59	115⅛	60⅛	106	51⅞	91¼	69¾	84½	4
Do. 1st Pfd.	46¾	41⅛	46	34	61	32⅞	41	35⅞	†39	2
Do. 2nd Pfd.	58¾	42	52	33⅜	65⅛	33⅛	44⅜	36¼	39⅜	2
St. Louis-San Fran.	*74	*13	50½	21	65	10¾	102¼	57⅛	96½	7
St. Louis Southwestern	40⅜	18⅛	32⅛	11	56⅞	10⅞	63	43¾	55½	..
Seaboard Air Line	27½	13¼	22⅜	7	21⅛	2⅛	48⅜	20⅜	45¼	..
Do. Pfd.	56½	23⅛	58	15⅛	48½	3	51½	35	46½	..
Southern Pacific	139⅝	83	110	75¾	118⅛	67½	108¾	97	97¾	6
Southern Railway	34	18	36¾	12⅛	79¾	24¾	108½	77⅜	106	5
Do. Pfd.	86⅞	43	85½	42	85	42	95½	83	92	5
Texas & Pacific	40⅛	10¼	29½	6⅛	70⅛	14	58⅜	43¼	51	..
Union Pacific	219	137¾	164⅜	101¼	154¾	110	153¼	133¼	140⅜	10
Do. Pfd.	118⅛	79⅜	86	69	80	61¼	77¼	73¼	75¾	4
Wabash	*27⅞	*2	17⅛	7	24⅜	6	47¼	19½	41¼	..
Do. Pfd. A	*61¾	*6⅛	60½	30⅞	60¾	17	73½	55¾	70	5
Do. Pfd. B	..	..	32⅞	18	42⅜	12¼	60½	38½	†55	..
Western Maryland	*56	*40	23	9¼	17¼	8	18⅜	11	15⅞	..
Do. 2nd Pfd.	*88¼	*53½	*58	20	30½	11	26¼	16	21¾	..
Western Pacific	..	..	25½	11	40	12	33⅜	19⅜	30⅜	..
Do. Pfd.	..	..	64	35	86½	51½	77⅞	72	77	6
Wheeling & Lake Erie	*12⅞	*2⅛	27⅜	8	18¼	6	22½	10⅜	20	..
Do. Pfd.	..	..	50⅜	16⅜	32⅛	9¼	47⅜	22	42⅜	..

INDUSTRIALS

	1909-1913 High	Low	1914-1918 High	Low	1919-1924 High	Low	1925 High	Low	Last Sale 8/30/25	Div'd $ per Share
Adams Express	270	90	154½	42	93½	22	103¼	90	98⅜	6
Ajax Rubber	..	..	89⅛	45⅛	113	4¼	15⅞	10	10¾	..
Allied Chem. & Dye	..	..	..	..	91¾	34	106⅜	80	99½	4
Do. Pfd.	..	..	..	..	118⅜	83	120½	117	119⅞	7
Allis-Chalmers Mfg.	10	7⅝	49⅛	6	73⅜	26½	91	71½	87½	6
Do. Pfd.	43	40	92	32½	104⅞	67½	109½	103¼	†105⅜	7
Am. Agric. Chem.	63⅜	33½	106	47¾	113⅜	7⅛	23¾	13½	22	..
Do. Pfd.	105	90	103⅛	89⅛	103	18¾	69⅞	36½	68	..
Am. Beet Sugar	77	19⅜	108½	19	103¾	21½	43	34½	35	4
Am. Bosch Magneto	..	..	..	..	143⅞	22¼	54½	26½	36⅜	..
Am. Can	47⅞	6⅝	68½	19⅛	163½	21¾	250	158½	236½	‡5
Do. Pfd.	129¼	98	114½	80	119	72	121⅞	115	120	7
Am. Car & Foundry	76½	36½	98	40	201	153½	115¾	97½	108½	6
Do. Pfd.	124¾	107¼	119¼	100	126⅛	105¾	128	120¾	†123	7
Am. Express	300	94¾	140¼	77½	175	76	166	125	†137	6
Am. Hide & Leather	10	3	22½	2½	43½	5	14	8½	10⅝	..
Do. Pfd.	51⅞	15⅛	94⅞	10	142⅜	29¾	75⅞	58½	†62½	..
Am. Ice	..	..	48	8⅞	122	37	124	83	118	6
Am. International	..	..	62⅜	12	132¼	17	42	32½	41⅜	..
Am. Linseed Pfd.	47¾	20	92	24	113	4¼	85¼	53	84¾	7
Am. Locomotive	74¾	19	98¼	46⅝	136⅜	58	144⅞	104½	115½	‡8
Do. Pfd.	122	75	109	93	122¼	96½	124	115	120½	7
Am. Metal	..	..	..	..	55⅛	38¾	54	45¾	50	3
Am. Radiator	*500	*200	*445	*235	*345	64	116	89⅞	110	4
Am. Safety Razor	..	..	..	..	40⅝	*3½	69	36⅞	64	3
Am. Ship & Commerce	..	..	..	..	47⅛	4⅜	14½	5⅝	6⅜	..
Am. Smelt. & Ref.	105½	56⅝	123¾	50⅛	100⅜	29¼	114¾	90⅜	110½	6
Do. Pfd.	116⅜	98¼	118⅞	97	109⅝	63⅛	114⅜	105¼	†112	7
Am. Steel Foundries	74½	24⅛	95	44	50	18	44	37⅝	41⅞	3
Do. Pfd.	..	..	..	..	109¼	78	112	108	†111	7
Am. Sugar Refining	136⅜	99⅞	126⅛	89⅛	148⅜	36	71¼	47⅝	66	..
Do. Pfd.	133⅛	110	123⅛	106	119	67½	101½	91	98½	7
Am. Sumatra Tobacco	..	..	145¾	15	120⅛	6⅜	24½	6	10⅛	..
Do. Pfd.	..	..	103	75	105	22½	97	28	†88	..
Am. Tel. & Tel.	153⅜	101	134⅛	90⅝	134¾	92⅛	144⅛	130⅝	139½	9

Price Range of Active Stocks

INDUSTRIALS—*Continued*

	Pre-War Period 1909-1913 High	Pre-War Period 1909-1913 Low	War Period 1914-1918 High	War Period 1914-1918 Low	Post-War Period 1919-1924 High	Post-War Period 1919-1924 Low	1925 High	1925 Low	Last Sale 9/30/25	Div'd $ per Share
Am. Tobacco	*530	*200	*256	*123	*314½	82⅛	118⅞	85	114⅛	7
Do. Com. B	..	..	..	..	*210	81⅛	117½	84½	112⅛	7
Am. Water Wks. & Elec.	..	..	..	..	*144	*4	68⅛	34⅜	55⅛	1.20
Am. Woolen	40⅝	15	60⅝	12	169⅛	51⅛	64¾	34¾	39⅞	..
Do. Pfd.	107¾	74	102	72½	111⅞	88⅛	96⅛	69½	86	7
Anaconda Copper	54⅝	27½	105⅝	24¼	77⅞	28½	48	35¼	42⅝	3
Associated Dry Goods	..	..	28	10	140⅛	48	55⅝	46½	51⅛	2½
Do. 1st Pfd.	..	..	75	50⅛	94	49⅞	100	94	†99	..
Do. 2nd Pfd.	..	..	49½	35	102⅝	38	108	101	†105	7
Associated Oil	..	..	*78¾	*52½	*142	24⅞	41⅛	32	35¼	2
Atl. Gulf & W. Indies	13	5	147¾	4½	192⅝	9¼	77	20	73⅛	..
Do. Pfd.	32	10	74¾	9⅞	73½	6¾	60	31	58⅞	..
Atlantic Refining	..	..	..	..	*1575	78½	117⅛	95½	99½	..
Austin Nichols	..	..	..	..	40⅝	8	32½	22	26	..
Do. Pfd.	..	..	..	..	91	50⅝	95	87⅜	†93	7
Baldwin Locomotive	60¾	36½	154½	26⅝	156¼	62¼	146	107	117	7
Do. Pfd.	107½	100¼	114	90	118	92	116⅝	107	†111	7
Bethlehem Steel	*51⅛	*18¾	155½	59¾	112	37¾	53½	37	39⅛	..
Do. 7% Pfd.	80	47	186	68	108	87	102	93¼	†95	7
Do. 8% Pfd.	..	..	110½	92½	116⅝	90	116½	109	†114½	8
Brooklyn Edison Electric	131	123	131	87	121⅝	82	147	120⅝	143	8
Brooklyn Union Gas	164½	118	138¾	78	128	41	91⅝	75½	89	4
Burns Brothers	45	41	161½	50	147	76	120¾	92½	117	10
Do. B	..	..	..	..	53	19⅝	32⅜	17	31	2
Butte & Superior	..	..	105¼	12¼	37⅞	8	24¼	6⅛	10¾	1
California Packing	..	..	50	30	106¼	48¼	132½	100½	125	6
California Petroleum	72½	16	42⅝	8	71⅞	15¾	32⅞	23⅞	27⅞	2
Central Leather	51¾	16½	123	25⅞	116½	9⅝	21¾	14¾	18¾	..
Do. Pfd.	111	80	117½	94⅞	114	28⅛	66	49¼	60⅝	..
Cerro de Pasco Copper	..	..	55	25	67⅛	23	55⅛	43⅛	51⅞	14
Chandler Motor	..	..	109⅞	56	141¼	26⅞	3[illegible]⅜	27½	36	3
Chile Copper	..	..	39⅛	11⅛	38⅜	7	37⅛	30⅛	33⅜	2½
Chino Copper	50⅝	6	74	31⅝	50⅞	14⅜	28⅜	19	†21	..
Chrysler Corp.	..	..	..	..	..	..	194⅞	108¼	183¾	..
Do. Pfd.	..	..	..	..	..	..	109¼	100⅛	107	8
Coca Cola	..	..	..	..	83⅜	18	146	80	141¾	7
Colorado Fuel & Iron	53	22½	66½	20⅛	56	20	48¼	32¼	38⅛	..
Columbia Gas & Elec.	..	..	54⅛	14¼	114⅞	30¼	78⅛	45¾	76	2.60
Congoleum-Nairn	..	..	..	..	*184⅝	32⅜	43⅛	20	22¾	2
Consolidated Cigar	..	..	..	..	80	11⅜	44⅛	26½	40	..
Consolidated Gas	*165¼	*114½	*150⅛	*112⅛	*145¾	56¼	94½	74⅛	90⅜	5
Continental Can	..	..	*127	*37½	*131¾	*34⅜	80	60½	75	4
Corn Products Refining	26½	7⅜	50⅛	7	160½	31⅛	41⅝	32⅜	36¼	2
Do. Pfd.	98½	61	113⅛	58⅛	123¾	96	127	118	†120	7
Crucible Steel	19⅝	6½	109⅞	12¼	278⅛	48	79⅜	64½	73	4
Cuba Cane Sugar	..	..	76⅜	21⅞	59⅜	5⅝	14⅝	8½	9¼	..
Do. Pfd.	..	..	100½	77¼	87⅞	13⅛	62⅝	41	42	..
Cuban-American Sugar	*58	33	*273	*38	*605	10⅞	33½	22	22⅝	2
Cuyamel Fruit	..	..	..	..	74⅛	45⅛	59	50	48	4
Davison Chemical	..	..	..	..	81¼	20⅝	49¾	27⅞	39½	..
Dupont de Nemours	..	..	..	..	169¾	105	201½	134¼	188	‡8
Eastman Kodak	*No	Sales	*605	*605	*690	70	118	104¾	111¼	‡5
Electric Storage Battery	*64¼	*42	*78	*42¼	*153	37	71½	60¾	66	4
Endicott-Johnson	..	..	..	..	150	44	74⅞	63⅜	68⅛	5
Do. Pfd.	..	..	..	..	119	84	117½	112½	†117½	7
Famous Players-Lasky	..	..	..	..	123	40	114¾	90¼	106½	8
Do. Pfd.	..	..	..	..	108½	66	120	103⅞	†115	8
Fisher Body	..	..	43	23	210	75	100¼	60¼	98	5
Fisk Rubber	..	..	..	..	55	5⅛	27⅜	10⅛	27¼	..
Do. 1st Pfd.	..	..	..	..	86	38⅛	112⅞	75⅛	112¼	7
Fleischmann Co.	..	..	..	..	90¼	37⅜	123⅜	75	122¼	‡4
Foundation Co.	..	..	..	..	94⅝	58½	141¾	89½	135¾	8
Freeport-Texas	..	..	70½	25¾	64⅜	7½	18⅞	8	16	..
General Asphalt	42⅞	15½	39⅝	14¼	160	23	63¾	42½	53⅜	..
General Cigar	..	..	..	..	98⅝	47	101¾	84½	96⅛	8
General Electric	188½	129¾	187¼	118	329	109½	337¼	227¼	299	8
General Motors	*51¾	*25	*850	*74½	66⅞	*8⅛	112¼	64⅝	109¼	‡6
Do. 7% Pfd.	..	..	..	..	103½	95⅛	114⅛	102	114	7
General Petroleum	..	..	..	..	45	38⅜	59	42	46	2
Goodrich (B. F.) Co.	83½	15½	80¼	19⅝	93⅜	17	67½	36¾	66⅝	4
Do. Pfd.	109¾	73⅜	116¾	79⅞	109½	62½	100¼	92	†98	7
Goodyear T. & R. Pfd.	..	..	..	..	90⅝	35	107¼	86⅛	105⅞	7
Do. prior Pfd.	..	..	..	..	108⅛	88	108	103	105	8
Granby Consolidated	78⅛	20	120	58	80	12	21⅛	13	17¾	..
Great Northern Ore Ctfs.	53½	25⅛	50⅝	22½	52¾	24⅞	40½	26¾	30⅝	1
Gulf States Steel	..	..	137	58⅜	104⅜	25	97⅞	67⅛	79	5
Hayes Wheel	..	..	..	..	52⅞	31	44⅛	30	40½	‡3
Houston Oil	25⅛	8¼	86	10	116½	40½	85	59	66½	..
Hudson Motor Car	..	..	..	..	36	19½	98	33¾	94	3
Hupp Motor Car	..	..	11⅜	2½	29½	4⅝	26⅛	14¼	24	1
Inland Steel	..	..	..	..	48¾	31⅛	50	38¾	42	2½
Inspiration Copper	21⅝	13⅞	74¾	14¼	68⅞	22⅛	32¾	22¼	25¾	2
Inter. Business Mach.	..	..	52⅞	24	118⅞	28¾	150¼	110	149¼	8
Inter. Combustion Eng.	..	..	..	..	39	19⅝	51	31¾	45¾	2
Inter. Harvester	..	..	121	104	149⅝	66¼	139¼	96⅛	129½	5
Inter. Merctl. Marine	9	2⅛	50⅝	⅝	67¾	4⅞	14⅞	7⅛	9	..
Do. Pfd.	27⅝	12½	125⅝	8	128½	18½	52¾	27	31¾	..
Inter. Nickel	*227¼	*135	57½	24½	33⅞	10⅝	35¾	24⅛	33¼	2
Inter. Paper	19¾	6½	75½	9½	91¾	27⅞	74⅝	48¼	71⅛	..
Kelly-Springfield Tire	..	..	85¼	36⅞	164	9¾	21⅝	12¼	17	..
Do. 8% Pfd.	..	..	101	72	110¼	33	74	71	†64	..
Kennecott Copper	..	..	64⅛	25	57¾	14⅝	57⅛	46⅛	53⅛	3
Kinney (G. R.) Co.	..	..	..	..	88¼	35½	87¾	72	†75	4
Lima Locomotive	..	..	..	..	74⅞	52	74⅜	60	66	4
Loew's, Inc.	..	..	..	..	38⅜	10	35⅞	22	34½	2
Loft, Inc.	..	..	..	..	28	5⅛	9⅛	6	7	..
Lorillard (P.) Co.	*215¼	*150	*239⅞	*144½	*245	33⅜	39¾	30¼	35¾	3
Mack Trucks	..	..	..	..	170	25½	238	117	208	6
Magma Copper	..	..	..	..	45⅝	26⅛	44½	34	42½	3
Mallinson & Co.	..	..	..	..	45	8	37⅛	21⅝	25	..
Maracaibo Oil Expler.	..	..	..	..	37½	16	35½	20½	21¼	..
Marland Oil	..	..	..	..	59⅝	12⅛	47⅝	32⅝	44⅞	3

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New York Stock Exchange

Price Range of Active Stocks

INDUSTRIALS—*Continued*

	Pre-War Period 1909-1913 High	Pre-War Period 1909-1913 Low	War Period 1914-1918 High	War Period 1914-1918 Low	Post-War Period 1919-1924 High	Post-War Period 1919-1924 Low	1925 High	1925 Low	Last Sale 9/30/25	Div'd $ per Share
May Department Stores	*88	*65	*97½	*35	*174¾	*60	128⅜	101	123	5
Mexican Seaboard Oil	..	..	..	..	34½	5¾	22½	11½	12¼	..
Miami Copper	30¼	12⅜	49⅜	16½	32⅜	14½	24⅜	8	9	1
Montgomery Ward	..	..	..	..	48½	12	73	41	66½	..
National Biscuit	*161	*96½	*139	*79⅞	*270	35⅝	75⅝	65	71	3
National Dairy Prod.	..	..	..	..	44½	30⅛	68⅛	42	63¾	3
National Enam. & Stamp.	30¼	9	54½	9	39½	18½	39	25	†33	..
National Lead	91	42½	74⅜	44	169¼	63½	166⅞	138½	159	8
N. Y. Air Brake	98	45	136	55⅞	145¾	26⅝	56½	34¼	36	2
Do. Class A	..	..	..	..	57	45⅛	57½	50	52½	4
N. Y. Dock	40¼	8	27	9¼	70⅜	15¼	36⅝	18	31	..
North American	*87⅞	*60	*81	*38⅞	*119½	17½	60⅜	41½	58½	3.40
Do. Pfd.	..	..	..	..	50¼	31⅞	50½	46⅝	50	3
Pacific Oil	..	..	..	..	69⅜	27½	65¼	51⅝	53½	3
Packard Motor Car	..	..	..	..	21	9⅞	44½	15	39⅝	2
Pan.-Am. Pet. & Trans.	..	..	70⅜	35	140¼	38⅛	83⅞	59½	62	6
Do. Class B	..	..	..	..	111¾	34⅛	84½	60⅛	62¾	6
Philadelphia Co.	59¼	37	48⅞	21½	57½	26½	62¾	51½	58	4
Phila. & Reading C. & I.	..	..	..	..	54¼	34½	52½	37¾	39¾	..
Phillips Petroleum	..	..	..	..	69⅝	16	47⅛	36¼	38¾	2
Pierce-Arrow	..	..	65	25	99	6⅛	44⅝	10⅞	40¾	..
Do. Pfd.	..	..	109	88	111	13½	94	43	90¾	..
Pittsburgh Coal	*29⅜	*10	58¾	37½	74⅝	45	54½	37¼	†42	..
Postum Cereal	..	..	..	..	134	47	143	93¼	130¾	4
Pressed Steel Car	56	18½	88¼	17¼	113¾	39	69	45	54¼	..
Do. Pfd.	112	88½	109⅛	69	106	67	92¼	76½	80	7
Pub. Serv. N. J.	..	..	..	..	70	39	87⅞	62⅝	78	5
Pullman Company	200	149	177	106½	151⅜	87¾	173½	129	163	8
Punta Alegre Sugar	..	..	51	29	120	24⅜	47⅛	33	34½	..
Pure Oil	..	..	143⅞	31⅞	61⅞	16¼	33¾	25⅛	25¾	1½
Radio. Corp. of Am.	..	..	..	..	66⅞	25⅞	77⅞	48⅜	58⅝	..
Railway Steel Spring	54½	22¼	78⅛	19	137½	67	173	122½	170	8
Do. Pfd.	113⅜	90¼	105½	75	121½	92½	121	114¼	†118½	7
Ray Consol. Copper	27½	7½	37	15	27½	9⅞	17⅝	11⅜	13	..
Replogle Steel	..	..	..	..	93½	7⅛	23¼	12⅝	15	..
Republic Iron & Steel	49½	15⅜	96	18	145	40⅛	64⅜	42⅛	49½	..
Do. Pfd.	111¼	64½	112⅝	72	106¾	74	95	84⅛	†91½	7
Royal Dutch N. Y.	..	..	86	56	123⅜	40⅜	57⅜	48¼	49	a1.73½
Savage Arms	..	..	119¾	39⅞	94½	8⅞	108⅞	48½	65	..
Schulte Retail Stores	..	..	..	..	129¼	88	116⅞	101⅜	103¼	§3
Sears, Roebuck & Co.	124⅜	101	233	120	243	54¼	223⅞	147½	206	6
Shell Trans. & Trading	..	..	..	..	90¼	29⅛	43¾	39½	†39⅜	..
Shell Union Oil	..	..	..	..	22⅜	12⅜	28⅜	21⅝	22¼	1.40
Simmons Company	..	..	..	..	37	22	53⅜	31¼	50⅜	2
Simms Petroleum	..	..	..	..	24	6½	26⅜	17⅜	19½	1
Sinclair Consol. Oil	..	..	67⅞	25¼	64¼	15	24⅞	17	18½	..
Skelly Oil	..	..	..	..	35	8⅝	30½	21⅜	26⅝	..
Sloss-Sh. Steel & Iron	94⅜	23	93¼	19½	89	32⅛	107½	80¼	†97	6
Standard Oil of Calif.	..	..	..	..	135	47⅛	67¼	51½	53	2
Standard Oil N. J.	*448	*322	*800	*355	*212	30⅞	47½	33⅜	40	1
Do. Pfd.	..	..	..	..	119⅛	100⅛	119	116¼	†117	7
Stewart-Warner Speed.	..	..	*100½	*43	*181	21	79⅞	55	77½	5
Stromberg Carburetor	..	..	45¼	21	118¼	22⅛	79¾	61	72	6
Studebaker Company	49½	15⅜	195	20	151	30½	59⅜	41¼	56⅝	4
Do. Pfd.	98⅛	64½	119½	70	118¼	76	122	112	122	7
Tennessee Cop. & Chem.	..	..	21	11	17¼	6⅛	12⅛	7⅝	10¾	1
Texas Co.	144	74½	243	112	57¾	29	54⅜	42¾	47⅞	3
Texas Gulf Sulphur	..	..	..	..	110	32⅝	115	97½	109¾	8
Tex. & Pac. Coal & Oil	..	..	..	..	195	5⅛	23⅜	10⅞	11⅝	..
Tide Water Oil	..	..	225	165	275	94	36¼	30¼	31¼	1
Timken Roller Bearing	..	..	..	..	45	25⅛	46⅜	37⅜	34¾	‡3
Tobacco Products	145	100	82⅜	25	115	45	94½	70	82	6
Do. Class A	..	..	..	..	93½	76½	106	93⅛	106¾	7
Transcontinental Oil	..	..	..	..	62⅜	1¼	5⅞	3½	3⅝	..
Union Oil of Calif.	..	..	..	..	39	35	43⅜	33½	34	1.80
United Cigar Stores	..	..	*127⅞	*8⅜	*255	42½	96½	60¼	81	§3¼
United Drug	..	..	90⅞	64	175⅛	46¼	134¼	110⅞	128¾	7
Do. 1st Pfd.	..	..	54	46	58⅛	36⅝	56	52	54¾	3½
United Fruit	208½	126½	175	105	224⅞	95⅜	246	204⅞	240	10
United Ry. Investment	49	16	27⅛	4¼	41	6	33½	18	25	..
Do. Pfd.	77	30	49¼	10⅛	64⅞	14	83¼	48½	69	..
U. S. Cast I. Pipe & F.	32	9¼	31⅞	7¾	169⅝	10⅛	250	131¼	164	..
Do. Pfd.	84	40	67½	30	104¼	38	113	91	†99½	7
U. S. Indus. Alcohol	57¼	24	171½	15	167	35¼	94⅝	76	90	..
U. S. Realty & Imp.	87	49¾	63¾	8	143⅛	17¼	147¾	114½	140⅝	8
U. S. Rubber	59½	27	80⅛	44	143¾	22½	65½	33½	64⅝	..
Do. 1st Pfd.	123½	98	115¼	91	119⅛	66½	108¾	92¾	105⅞	8
U. S. Smelt., Ref. & Min.	59	30⅜	81⅛	20	78¼	18⅜	48⅜	30	45⅞	3
U. S. Steel	94⅞	41¼	136⅝	38	121	70¼	129⅝	112	119⅞	‡5
Do. Pfd.	131	102½	123	102	123½	104	126⅝	122¼	124⅞	7
Utah Copper	67½	38	130	48⅛	97⅛	41⅛	100½	82	†95	4
Vanadium Corp.	..	..	..	..	97	19⅛	34¾	25⅝	28½	2
Western Union	86¼	56	105⅛	53⅝	121¼	76	144⅞	116¼	136	7
Westinghouse Air Brake	141	132½	143	95	124⅛	76	144	97	125¾	6
Westinghouse E. & M.	45	24⅜	74⅞	32	71⅜	38⅞	84	66⅛	73¾	4
White Eagle Oil	..	..	..	..	34	20	31¾	25½	25¾	2
White Motors	..	..	60	30	86	29¼	104½	57½	91	4
Willys-Overland	*75	*50	*325	15	40¼	4½	28⅜	9½	26	..
Do. Pfd.	..	..	100	69	98¼	23	111½	72¼	107¾	7
Wilson & Co.	..	..	84¼	42	104⅞	4⅛	13¾	5½	†5½	..
Woolworth (F. W.) Co.	*177⅞	*76½	*151	*81½	*345	72½	172¾	112½	167¼	3
Worthington Pump	..	..	69	23½	117	19⅞	79¾	35¼	40⅛	..
Do. Pfd. A	..	..	100	85⅞	98½	65	88	77	79	7
Do. Pfd. B	..	..	78⅜	50	81	53½	79¾	35¼	†61	6
Youngstown Sh. & Tube	..	..	..	..	80	59⅜	81	63	75½	4

* Old stock. † Bid price given where no sales made. ‡ Not including extras. § Payable in stock. ¶ Partly stock. a Paid this year.

PROTECTING YOUR FAMILY AGAINST THE ONE THING THEY CANNOT DODGE

(Continued from page 1105)

maintenance. At age 25, the cost of a 30 Payment Life policy (non-participating) would be $18 per $1,000, annually; at age 35 it would be $22. Participating insurance requires a premium in the earlier years of the policy about 20% higher than those quoted; but there is an annual dividend reduction under the participating plan so that in the final results the cost to the insured works out about the same as under the lower level rate.

The man who leaves an estate of sufficient size to carry the obligations of inheritance taxation has an added reason for preparation against the high cost of dying. He should in justice to his heirs build up a fund to meet the usual expenses incidental to sickness and death as above stated, but, in addition, he must see that sufficient ready cash is available at his death to pay State and Federal Inheritance Taxes. If the estate is large, with scattered holdings in various states, this taxation mounts up in a surprising and unexpected manner to the uninitiated. The case is cited of a Massachusetts man who died leaving property valued at about $3,000,000, about half of which was vested in real estate and personal property in that state. The entire estate was first taxed to the tune of about $295,000 by the Federal government—nearly 10% of the whole. Then Massachusetts claimed taxes of about $340,000—over 11%. Then seventeen other states, in which the builder of the estate had no property and in many of which he had probably never set foot, claimed taxable interest because various corporations in which he held stocks happened to have been organized under those states' laws. The taxes paid to these seventeen states alone amounted to well over $55,000, bringing the total taxes up to over $690,000, or 23% of the estate. These taxes were necessarily payable within a year of death, although the actual cash left by this man amounted to less than $50,000. Administration expenses and the expense of settlement of the estate in the various states, other than Massachusetts, considerably increased the cost of winding up the affairs of this testator.

What Thoughtful Men Are Doing

In view of the necessity for meeting estate expenses in greater or less degree, many thoughtful men are now carrying life insurance in sufficient amount to provide immediate cash for such purpose. Thus the necessity is avoided for hurried liquidation of securities, often at a time when depressed market conditions mean a certain and definite loss to the estate through hasty

selling. Few securities are sufficiently "fluid" to undergo a forced sale without risk of depleting the estate. Life insurance meets this emergency with ready cash, in full face value, often within a day after receipt and approval of claim papers.

Life insurance proceeds up to $40,000 when payable to a named beneficiary are clearly free from inheritance taxes; and there is great probability that the same condition will hold for larger amounts if proper precautions are taken. If the questions dealt with in the well known Frick decision are sustained by the higher courts, life insurance proceeds in unlimited amount, when payable to a named beneficiary, will be free from taxation.

ANSWERS TO INQUIRIES

(*Continued from page* 1110)

FLEISCHMANN

Would you advise me to approve the proposed change in the capitalization of Fleischmann and what benefit do you believe will accrue to the shareholders from increasing the number of shares to three times the present number? What is the purpose of this?—C. H. T., Brooklyn, N. Y.

It is difficult to perceive where Fleischmann shareholders will benefit materially by the proposed recapitalization plan, beyond the fact that the increased number of shares outstanding may tend toward a greater market stability. This company has expanded remarkably in recent years and has excellent prospects for the future, but the most sanguine estimates place the current year's earnings around $9 on the stock now outstanding, which appears to have been well discounted marketwise. Obviously, the company could not comfortably support a higher rate than $2 on the new stock, which is entitled to sell somewhere around 40. This issue is intrinsically sound but we doubt very much if it has sufficient investment merit to warrant its selling on a 5% yield basis. We feel that better opportunities lie in other directions. International Combustion Engineering, paying $2, and enjoying the greatest prosperity in its history, appears a suitable switch.

UNITED DRUG

Is there a possibility of United Drug paying an increased dividend? I hold 50 shares of the stock which cost me 57, having held them for a number of years. I have been told that the company is earning its dividend twice over. Will you tell me if this is true? —M. S. G., Baltimore, Md.

George M. Gales, vice-president of the United Drug Company, states that sales of the company for the 1925 year are expected to approximate 80 millions. This compares with 70 millions in the preceding year. Inasmuch as the company reported net of $11.90 per share on the common from the volume of business in 1924, it is reasonable to assume it will make a much

better showing in the current year. Naturally, the stockholders are justified in looking for an increase in the dividend rate. Of course, there can be no objection to taking the substantial profit you have, if you desire, but under prevailing conditions which seem likely to continue, the stock appears suitable for a business man's speculative holding.

GODCHAUX SUGAR

Will you please explain how the rearrangement of the Godchaux Sugar will work out? I have only 30 shares of the common stock. Is the unissued new class A stock to be sold to the public? If not, why is it held in the Treasury, where it will always remain as a sort of threat against the dividend possibilities of the common?—W. N. M., Newark, N. J.

The proposed financial readjustment plan of Godchaux Sugars includes the creation of an issue of Class A stock of no par value in the amount of 70,000 shares. One-half of this will be exchanged for existing second preferred, and the balance will be retained in the treasury for corporate purpose. Tentatively, after dividends at the rate of $4 annually have been paid on the Class A stock the present common will receive a like amount and thereafter the two issues will share equally. Common shareholders can only benefit from such an arrangement inasmuch as it means the cutting down of prior charges from $245,000 to $140,000 through the elimination of the 7% second preferred. It is rather early to speak of dividends on the common, but one cannot escape the fact that Godchaux has staged a remarkable recovery in the year just completed. Net earnings of over $550,000 contrast with a deficit of over 2 millions in the preceding year. Obviously, these various developments are of a constructive nature. We suggest you continue to hold your stock.

TEXAS COMPANY

Do you believe The Texas Company will be affected badly by the upset in the oil industry? My stock averaged me 39½. I had an order in to sell it on the advance this summer, but the stock did not quite reach my figure because of a reaction so I cancelled. Do you think it likely I will be able to get 60 for my shares?—M. C. E., Boston, Mass.

We do not share your pessimism as regards Texas Company. Official figures are not as yet available but it is estimated this company covered its entire year's requirements in the first five months. Texas Company is in an unusually strong financial position. The latest figures available show current assets of 128 millions, and current liabilities of 26 millions, thus indicating a net working capital of over 100 millions. The company has a heavy inventory of crude carried at levels materially below those now prevailing. Unsettled conditions in the industry may somewhat reduce its margin of profit in later months but on the whole 1925 should prove a very profitable year for this company. We cannot attempt to forecast the probable peak price of the issue but we feel that patience on your part will eventually be rewarded.

UNITED STATES RUBBER

I have 20 points profit on U. S. Rubber common. Should I take my profit or should I hold the stock for further advance?—F. A. S., Washington, D. C.

U. S. Rubber appears to best advantage as a long pull proposition. Due to the fact that its recovery from the severe after-war deflation has been comparatively recent, dividends on the junior shares probably lie some distance ahead, which tends to dampen speculative enthusiasm. None the less, the excellent progress shown by this company in recent months has been very gratifying to shareholders. Rubber has vastly improved its financial condition now being well supplied with cash and working capital. Earnings are running at the annual rate of $8 on the common, which is double that of 1924. In view of the present trade outlook one has reasonable assurance of Rubber continuing at its present pace for some time. We believe the shares well worth retaining.

PHILLIPS PETROLEUM

For several years I have held 100 shares of Phillips Petroleum, for which I paid $39.50 a share on the advice of a broker who told me he thought the stock would go to $100 a share. If I sold now I would just about be even, but somehow I still feel Phillips is in a good position. What do you think of its earnings and its possibilities both from a trade viewpoint and the stock market standpoint?—A. S. F., Detroit, Mich.

Phillips Petroleum appears to decided advantage when compared with the general run of its competitors, the great bulk of its 35,000 barrels daily production being high-grade oil commanding a market premium. Practically all the 6,000,000 barrels in storage is Burbank crude which has an unusually high lubricant yield. Phillips is marketing its entire output and is estimated to be reducing its storage at the rate of 12,000 barrels daily. The earnings of the company are holding up remarkably well, running about 50% above those of 1924. Although a period of unsettled conditions in the industry appears to lie ahead, by virtue of its strong trade position the company can be depended upon to hold its own. The shares have good long range possibilities.

CORRECTION

In our issue of September 26, page 1037, the dividend on California Petroleum shares was given as $1.75 a share whereas the company is now paying dividends at the rate of $2 a share on its common stock.

For Feature Articles to Appear in the Next Issue

See Page 1089

MARKET POSITION OF LEADING GROUPS OF STOCKS COMPARED

(*Continued from page* 1070)

perity they would be entitled to higher prices.

Groups In a Neutral Position

In between these two groups is another in a more ambiguous position. Such stocks include steel, copper, tires, motor accessories and others (listed in the table) which are in a neutral market position. That is to say, these stocks represent industries which are neither depressed nor prosperous but just about keeping up with the procession. Should conditions suddenly change markedly for the better or the worse, such securities would immediately reflect the change in a move upward or downward. Obviously, as a general proposition, these groups ought to be watched closely and market commitments held in abeyance until a clearer idea can be had of their broad prospects.

It ought to be considered, too, that for special reasons, individual stocks in any group may move counter to the general trend of these groups. Therefore, in the final analysis, it is not enough to have a general picture of an industry. The investor must also determine the position of the particular company in which he is interested.

DO AWAY WITH FAKE STOCK PROMOTIONS!

(*Continued from page* 1068)

issuer of the securities, or proposed securities with the names, descriptions, and addresses of the signatories of the certificate of incorporation, or other instrument of formation, and the number of shares subscribed for by them, respectively; and

(b) The names, and post office addresses of the directors; and

(c) The amount of capital with which the corporation, or other issuer of the securities, or proposed securities, may begin business; and

(d) The number and amount of securities, which, within the two preceding years, have been issued, or agreed to be issued, as fully, or partly, paid up, otherwise than in cash; and, in the latter case, the extent to which they have been paid up, and, in either case, the consideration for which those securities have been issued, or are proposed, or intended, to be issued; and

(e) The names and addresses of the vendors of any property purchased, or acquired, by the corporation, or other issuer of the securities, or proposed securities, or proposed so to be pur-

chased, or acquired, which is paid for wholly, or partly, out of the proceeds of the issue offered for subscription by the prospectus, and the purchase, or acquisition of which has not been completed at the date of issue of the prospectus, and the amount payable in cash, shares, or otherwise, to the vendor, and, where there is more than one separate vendor, or the corporation, or other issuer of securities, or proposed securities, is a sub-purchaser, the amount so payable to each vendor; provided, that where the vendors, or any of them, are a firm, the members of the firm shall not be treated as separate vendors; and

(f) The amount (if any) paid, or payable, as purchase money in cash, shares, or otherwise, for any such property, as aforesaid, specifying the amount (if any) payable to any good will; and

(g) The amount (if any) paid within the two preceding years, or payable, as commission for subscribing, or agreeing to subscribe, or procuring, or agreeing to procure, subscriptions, for any securities in the corporation, or other issuer of securities, or proposed securities, or the rate of any such commission; and

(h) The amount, or estimated amount, of the preliminary expense; and

(i) The amount paid within the two preceding years, or intended to be paid, to any promoter, and the consideration for any such payment; and

(j) The dates of, or parties to, every material contract, and a reasonable time and place at which any material contract, or a copy thereof, may be inspected; provided, that this requirement shall not apply to a contract entered into in the ordinary course of the business, carried on, or intended to be carried on by the corporation, or other issuer of securities, or proposed securities, or to any contract entered into more than two years before the date of issue of the prospectus; and

(k) The names and addresses of the accountants (if any) of the corporation, or other issuer of securities, or proposed securities; and

(l) The full particulars of the nature and extent of the interest (if any) of every director in the promotion of, or in the property proposed to be acquired by the corporation, or other issuer of securities, or proposed securities, or, where the interest of such director consists of being a partner in a firm, or a director in a corporation, the nature and extent of the interest of the firm, or corporation, with a statement of the sums paid, or agreed to be paid to him by the firm, or corporation, in cash, or shares, or otherwise, either to induce him to become, or to qualify him, as a director, or otherwise for services rendered by him, or by the firm, or corporation, in connection with the promotion, or formation, of the corporation, or other issuer of securities, or proposed securities; and

(m) Where the corporation, or other issuer of securities, or proposed securities, has shares of more than

one class, the right of voting at meetings of the corporation, or other issuer of securities, or proposed securities, conferred by the several classes of shares, respectively;

Whoever shall, knowingly, deposit, or cause to be deposited, or shall, knowingly, send, or cause to be sent, anything to be conveyed, or delivered, by mail, in violation of the provisions of this section, or shall, knowingly, deliver, or cause to be delivered, by mail, anything herein forbidden to be carried, or mailed, shall be fined not more than $10,000, or imprisoned not more than five (5) years, or both; and, for any subsequent offense, shall be imprisoned not more than ten (10) years. Any person violating any provision of this section, may be tried and punished either in the district in which the unlawful matter was published, or mailed, or, to which it was carried by mail for delivery, according to the direction thereon, or in which it was caused to be delivered by mail to the person to whom it was addressed.

RUSSIA—A GROWING FIELD FOR AMERICAN BUSINESS

(Continued from page 1077)

have even sold Russia textile dyes in competition with Germany.

The moral of all this is clear. We are popular in Russia. We are not politically arrayed against her in Asia as is England. We have great industrial goods to sell her, as France has not. We are able to extend credits as Germany is not. Hence, we have a unique chance to capture this unlimited market.

Of importance is the fact that the present Russian government has a great percentage of its personnel recruited from exiles who spent much of their life in America. While they have no love for our social order, they retain the deep impression our terrific industrialization made upon them. The two most popular companies in Russia before the war were the Singer Sewing Machine and the International Harvester. There is talk of restoring the Russian properties in some manner, to these two giant concerns.

Russia is the only country whose government consists largely of men who have spent much of their life in this country. They do not think in European terms. Yet, despite this, order after order for textile machinery is going to England and Germany merely because we are not alive enough to our opportunities. Germany has been doing business with Russia for four years and England for two. Payment has been prompt. There is no need for suspicion. The only definite handicap we are under is that our political relations with Russia are such that we find it easiest to finance their

exports to some neutral ports. That is the way cotton has been financed, but there is talk of a better arrangement to be made by such important institutions as the Chase National Bank and the Equitable Trust Company.

Among the banking correspondents of the Soviet State Bank here are the Guaranty Trust Company, the Irving Bank-Columbia Trust Company, the Equitable Trust Company, etc.

Russia will have available for export this fall about 300 million bushels of all grains. Wheat export surplus has been figured as high as 80 million bushels. A great part of this export is in durum wheats, principally shipped to Italy, and in sharp competition with our own durums raised for export. As for Canada, for the first time in a decade her growers face the direct competition of Russian grain in European markets.

Russian crops are 50% larger than in 1924. Wheat is double the yield of that year and corn has grown fivefold. Wheat now yields 12.7 bushels to the acre against an average of 10 bushels before the war. Difference in production per acre is credited to tractors, machinery, and above all to agricultural education. Rye production is 12 bushels to the acre, corn 22 and oats 24. For an understanding of what this yield means for a primitive country it should be compared with an advanced country like our own. Wheat with us averages 14 bushels an acre; rye 14; corn 28, and oats 31.

Volume of crops compares interestingly. We produced this year 700 million bushels of wheat, the Russians 660; we produced 52 million bushels of rye, they 817. Rye bread is more popular with them than white. They bettered us in barley, buckwheat and millet. Their oats crop is half of ours and their corn (maize) crop only a fourteenth of ours.

That the Soviet Government is not founded on a rock is perfectly true. So long as there is an upward curve of prosperity the government is perfectly safe. It is not such dramatic difficulties but purely routine difficulties that must be taken into account.

Banking facilities in Russia are as yet rather small for a large volume of trade. American banking critics have considered the Russian banking and currency system adequate for present trade but believe that it would be subject to strain should foreign trade continue to grow in the way it has been growing. It is clear, however, that these critics have forgotten the lesser *internal* strain on banking facilities owing to the government monopoly of large trading.

At the present rate of progress Russia will see 1926 equal in physical volume of production to 1913. Owing to the rise of prices, the capital value of production and wealth will be higher than in 1913. Russia can absorb eventually most of the excess production possibilities of this country. If we can gain this potentially great market, it will aid measurably in American commerce.

REMEDIES FOR OUR DEFECTIVE HIGHWAY SYSTEM

(Continued from page 1079)

and North Carolina, where the registration cost is $20. Illinois and Ohio at $8 and Pennsylvania at $10 are in a position to add many millions to revenues by increasing these fees; owing to the large numbers of cars registered in those states.

Simultaneously with this development, *which promises to make road bonds unnecessary* and at the same time to assure a continuance of road building at a pace rapid enough to keep step with the increase in output of automobiles, there is being worked out a new policy in construction. It follows in many ways one of the significant changes in the automobile industry itself, away from sheer weight. Time was when engineers were inclined to meet the problem of heavier trucks by more steel and concrete in the roads. But now, as a result of exhaustive laboratory tests and traffic surveys, they have learned things about road building that never were suspected a few years ago.

It is probably common knowledge that the earliest concrete roads were thick in the center and thin at the edges. This was based on the theory that the bulk of traffic would ride the crown or center of the road. No one at that time foresaw the present two-way demand for highway space. But it rapidly developed, and experience demonstrated that thin edges would not do. Roads then were built of equal depth for their entire width, and again were sometimes found wanting. The Bates test road in Illinois helped in these experiments. Engineers then adopted the bridge form, building their roads thicker at the edges than in the centre and strongly fortifying them with steel.

The next step, taken in surveys by many states in cooperation with the government, was the traffic survey which enabled engineers to say with considerable accuracy what kind of vehicles would be using a road for some years to come. In Pennsylvania, the chief engineer and deputy commissioner, William H. Connell, announced some time ago that $4,000 a mile is being saved to the people of that state by utilizing the knowledge gained in these surveys. Pennsylvania is building for known needs, and instead of having a single heavy standard of road it has adopted three types—heavy, medium and light traffic thoroughfares.

The super-highway also is a relatively recent development. In Detroit plans have been made for one-way high-speed lines with cross overs or cross unders at half mile distances, and the Woodward avenue development has been so widely discussed in print that it needs no description here. In Philadelphia in-

dustrial interests joined with the city and an outlying county, under state highway auspices, to lay out an industrial highway that will save millions when it is put into service, besides relieving through traffic lanes of heavy trucks that now cause much congestion.

No doubt whatever exists that business men realize the motor car is essential to the continued prosperity of the country, and are willing to do all in their power to prevent any obstruction to its progress. It may be said also that with few exceptions politicians have kept hands off the roads—probably because of a wholesome fear of the 17,000,000 car and truck owners. A survey of the industry indicates that if the campaigns of education already launched can be carried to all the people, showing the need for good roads, there need be little worry about its future for many years.

Securities Analyzed in This Issue

Bank and Insurance Stocks

Quotations as of Recent Date

National Banks:

	Bid	Asked
American Exchange (16)	423	432
Chase (20A)	503	510
Chatham & Phenix (16)	347	355
Chemical (24)	660	670
City (20A)	497	505
Commerce (16)	386	388
First (N. Y.) (100A)	2825	2875
Hanover (24)	1080	1100
Mechanics & Metals (20)	432	438
Park (24)	495	505
Public (16)	590	610
Seaboard (16)	605	610

Trust Companies:

	Bid	Asked
Bankers (20)	518	522
Bank of N. Y. & Trust Co. (21)	605	612
Brooklyn (30)	830	...
Central Union (28)	880	885
Empire (16)	365	370
Equitable (12)	315	319
Farmer's L. & T. (16)	570	585
Guaranty (12)	371	374
Irving-Columbia (14)	320	323
Manufacturers (16)	500	505
New York (20)	492	497
United States (60)	1820	1850

State Banks (New York):

	Bid	Asked
America (12)	288	295
Corn Exchange (20)	515	525
Manhattan Co. (8C)	210	214
State (16)	620	640
United States (10)	270	280

Insurance Companies:

	Bid	Asked
Aetna Fire (24)	590	593
Carolina (1)	37	39
Continental (6)	113	115
Fidelity-Phenix (6)	162	165
Glens Falls (1.60)	38	40
Globe & Rutgers (28)	1325	1340
Great American (16D)	282	285
Hanover (5)	175	180
Hartford Fire (20)	590	600
Home (18)	357	360
Milwaukee Mech. (2.20)	41	43
National Fire (20)	735	740
Niagara (10)	250	255
North River (4)	108	113
Stuyvesant (6)	217	220
Travelers (20E)	1260	1270
United States (4.80)	138	142
Westchester (2.50)	43	45

Casualty and Indemnity Companies:

	Bid	Asked
American Surety (6.50)	155	158
National Surety (9)	210	213
U. S. Casualty (10)	315	330
U. S. Fid. & Guar. (9)	209	213

Joint Stock Land Banks:

	Bid	Asked
Bankers of Milwaukee (10)	175	181
Chicago (10)	179	186
Dallas (10)	171	176
Denver (8)	137	142
Des Moines (9)	152	158
First Carolinas (8)	130	135
Kansas City (10)	179	185
Lincoln (9)	160	166
St. Louis (8)	140	145
Southern Minnesota (10)	166	169
Virginian (.50 B)	9	10

(A) Includes dividends from Securities Company. (B) Par $5. (C) Par $50. (D) Ex-dividend. (E) Ex-rights.

BANK stocks have been spotty, several quotations slipping back slightly. Conspicuous strength however, has been exhibited by Public National and State Bank. Both advances are due to the apparently well founded belief in impending increases in capitalization, either in the way of stock dividends or in valuable rights.

Trust company stocks generally have shown great resistance. It is believed that the earnings of these companies are very satisfactory.

Special attention is merited by Equitable Trust. Its foreign department is marked by extreme aggressiveness and expansion.

Insurance companies present little that is new, except that common sense has reasserted itself with respect to Home Insurance. Much was done in this direction when a house specializing in insurance securities issued a convincing analysis of the "Home Group" of insurance companies; their present excellent position and considerable future.

Travelers is increasing its capitalization from 10 to 12 millions. Stockholders are to have the right to subscribe for one new share at $100, in the proportion of one new to five old shares. These rights are quoted at 233-7, and trading is active, despite the fact that formal ratification awaits the directors' meeting on October 23rd.

An encouraging feature of insurance companies generally is the better underwriting position in the last few months.

Among low-priced issues, Security Insurance of New Haven, has an especial attraction. Selling at 93-95 it is quoted at 5 points less than liquidation value per share, and on an income of $6 per share is paying out only $3 in dividends. An old, well managed fire company, it is somewhat undervalued.

Among Joint Stock Land Banks, Virginian is offering 63,756 new shares to absorb the Columbus bank. It appears certain that this will be a profitable move, and at the offering price of $9.25 the shares are an attractive commitment.

First Carolinas have been a feature of the market, being in large demand.

FINANCING THE FARMERS OF AMERICA

Farming is the key industry of the United States. The economic welfare of the Nation, present and future, depends upon keeping the country agriculturally self-supporting.

FULFILLING A NATIONAL NEED

Through Joint Stock Land Banks.

The life-blood of all industry is credit. Without adequate credit, at economical rates, no industry today can survive This is just as true in the business of farming as in the fabricating of steel Certainly, nothing is more important to the life of this country than the production of daily food for its one hundred and thirteen millions of people.

Inadequate Banking Long Handicapped Farming

Our great manufacturing industries for time past have enjoyed banking credits on equitable bases. The farming industry, with no great organization of friendly banking interests, was, however, decidedly handicapped But, since land values and man's capabilities to produce the necessities of life form the bulwarks of credit, it is obvious that an industry, so vital to daily life and so essential to general good-business, eventually would find adequate banking facilities.

A Practical Remedy

The creation of the Federal Farm Loan Bureau, in 1917, supplied, in a large measure, these facilities. The act which created the banking system, of which Joint Stock Land Banks are an integral part, was one of the most far reaching and constructive legislative achievements ever placed upon the statute-books of the country. It is comparable, in the magnitude of its economic results, with the Federal Reserve Act.

The Joint Stock Land Bank's Mission

Through Joint Stock Land Banks the responsible farmer can now borrow *for strictly agricultural purposes*, on an economically sound basis. These Joint Stock Land Banks operate under Government supervision, all loans they make must be approved by the Government.

The bonds which are sold by these Banks are secured by Government-scrutinized loans; are held to definite requirements as to margin of safety by Federal statutes, and have been declared, by the United States Supreme Court, to be instrumentalities of the Government. They are as completely exempt from taxation as are First 3½% Liberty Bonds.

Thus, through Bonds of Joint Stock Land Banks is provided the capital required in the sound development of our farming industry; and also *tax exempt*, marketable investment securities, based upon the soundest kind of diversified security.

The Guy Huston Organization—A complete organization of financial, land and bank specialists—affords Joint Stock Land Banks a broad, basic and helpful service. The facilities of this Organization are extended not only to Joint Stock Land Banks, but to Investment Bankers and institutions desiring information or reports covering any phase of Joint Stock Land Bank operations or securities.

GUY HUSTON ORGANIZATION

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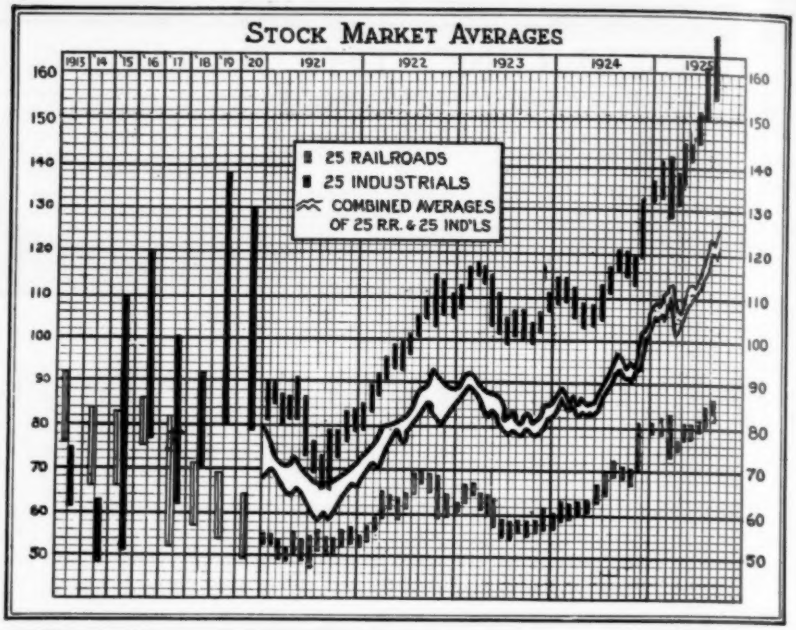
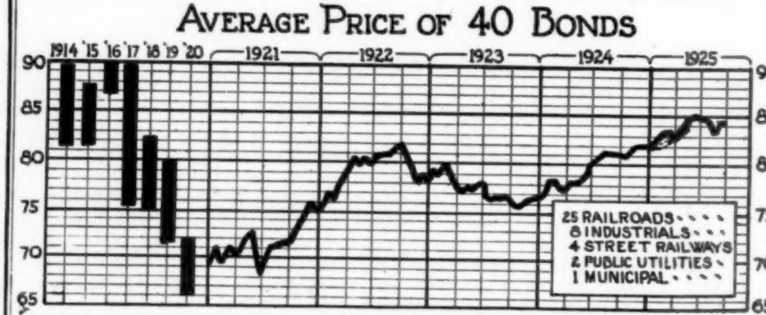
NEW YORK

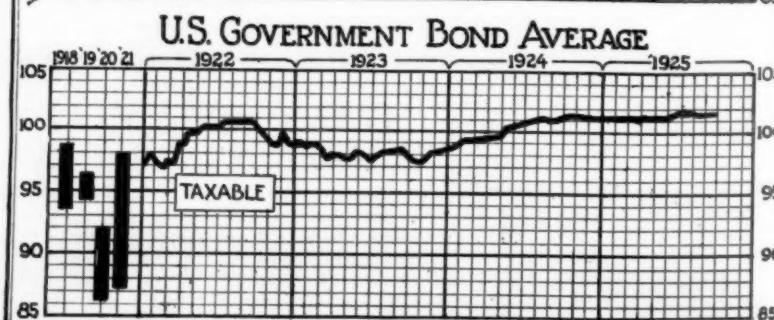
208 SO. LA SALLE ST.
CHICAGO



MARKET STATISTICS

	N.Y.Times 40 Bonds	Dow, Jones Avgs. 20 Indus.	20 Rails	N. Y. Times —50 Stock— High	Low	Sales
Thursday, Sept. 17.	85.51	146.46	102.78	125.70	123.74	1,805,615
Friday, Sept. 18...	84.47	147.16	103.66	126.04	124.55	1,516,674
Saturday, Sept. 19.	84.49	147.73	103.68	126.08	125.01	940,480
Monday, Sept. 21..	84.55	146.11	103.18	126.22	124.48	1,804,152
Tuesday, Sept. 22.	84.32	145.74	103.41	125.27	123.80	1,727,363
Wednesday, Sept. 23	84.21	146.02	103.78	125.26	124.07	1,558,586
Thursday, Sept. 24.	84.22	143.98	103.56	124.55	122.86	1,811,003
Friday, Sept. 25...	84.23	145.56	103.65	125.13	123.42	1,512,896
Saturday, Sept. 26.	84.25	144.26	103.31	125.14	123.60	694,074
Monday, Sept. 28..	84.18	144.15	102.88	124.92	122.82	1,526,489
Tuesday, Sept. 29.	84.13	145.06	103.04	126.63	124.32	1,872,465
Wednesday, Sept. 30	84.07	143.46	102.46	126.51	124.18	1,789,733





STATEMENT OF THE OWNERSHIP, MANAGEMENT, CIRCULATION, ETC., REQUIRED BY THE ACT OF CONGRESS OF AUGUST 24, 1912.

Of the Magazine of Wall Street, published every other week at New York, N. Y., for Oct. 1, 1925.

State of New York }
County of New York } ss.

Before me, a Notary Public in and for the State and county aforesaid, personally appeared E. D. King, who, having been duly sworn according to law, deposes and says that he is the Managing Editor of the Magazine of Wall Street, and that the following is, to the best of his knowledge and belief, a true statement of the ownership, management (and if a daily paper, the circulation), etc., of the aforesaid publication for the date shown in the above caption, required by the Act of August 24, 1912, embodied in section 411, Postal Laws and Regulations, printed on the reverse of this form, to wit:

1. That the names and addresses of the publisher, editor, managing editor, and business managers are:

Publisher, The Ticker Publishing Co., 42 Broadway, New York City. Editor, Richard D. Wyckoff, 42 Broadway, New York City. Managing Editor, E. D. King, 42 Broadway, New York City. Business Managers, none.

2. That the owner is: (If owned by a corporation, its name and address must be stated and also immediately thereunder the names and addresses of stockholders owning or holding one per cent or more of total amount of stock. If not owned by a corporation, the names and addresses of the individual owners must be given. If owned by a firm, company, or other unincorporated concern, its name and address, as well as those of each individual member, must be given. Ticker Publishing Co., 42 Broadway, New York City; Richard D. Wyckoff, 42 Broadway, New York City; Cecelia G. Wyckoff, 42 Broadway, New York City.

3. That the known bondholders, mortgagees, and other security holders owning or holding 1 per cent or more of total amount of bonds, mortgages, or other securities are: (If there are none, so state.) None.

4. That the two paragraphs next above, giving the names of the owners, stockholders, and security holders, if any, contain not only the list of stockholders and security holders as they appear upon the books of the company, but also, in cases where the stockholder or security holder appears upon the books of the company as trustee or in any other fiduciary relation, the name of the person or corporation for whom such trustee is acting, is given; also that the said two paragraphs contain statements embracing affiant's full knowledge and belief as to the circumstances and conditions under which stockholders and security holders who do not appear upon the books of the company as trustees, hold stock and securities in a capacity other than that of a bona fide owner; and this affiant has no reason to believe that any other person, association, or corporation has any interest direct or indirect in the said stock, bonds, or other securities than as so stated by him.

5. That the average number of copies of each issue of this publication sold or distributed through the mails or otherwise, to paid subscribers during the six months preceding the date shown above is (This information is required from daily publications only.)

E. D. King,
Managing Editor.

Sworn to and subscribed before me this 18th day of September, 1925.

[SEAL] John J. Janes.
N. Y. County No. 221.
(My commission expires March 30, 1927.)

2,000 Shares

International Bank

Washington, D. C.

Capital Stock

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MANAGEMENT: Six directors are Bank Presidents and the majority are directors of other Banks.

EARNINGS: As of July 1, 1925, the annual statement shows capital stock outstanding of $1,109,700 and surplus and undivided profits of $722,788.73. Additional capital is required at the present time in order to handle the large volume of business which the Bank has developed.

RESOURCES: The remarkable growth of this business is best shown by the following table of resources:

July, 1920 -	$ 452,420.00	July, 1923 -	$2,089,962.36
July, 1921 -	1,029,140.00	July, 1924 -	2,406,420.32
July, 1922 -	1,471,962.00	July, 1925 -	2,887,324.58

LIABILITY: The Capital Stock of the INTERNATIONAL BANK is free from the double liability which is carried by most bank stocks. The Bank has no demand liability, as it receives no deposits and incurs no obligations payable upon demand. Its strong financial position is evidenced by the fact that its total indebtedness is less than 22 per cent of its capital and surplus.

DIVIDEND RECORD: Dividends at the annual rate of 10% in cash have been regularly paid for five years: 5% semi-annually, January 1 and July 1. In addition the Bank has paid during this period 25% in stock dividends. The average yield has accordingly been over 10¼% per annum on the present offering price.

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This 8-page booklet, issued by one of the largest first mortgage real estate bond houses, shows you how to "check up" first mortgage real estate bonds. Send for (264).

Over-the-Counter

IMPORTANT ISSUES

Quotations as of Recent Date*

Aeolian Co., pfd. (7)	75	— 85
Aeolina Weber	18	— 23
Aeolian Weber pfd. (7)	90	— 95
Allied Packers	4½	— 6
Sr. Pfd.	7	— 11
Pr. Pfd.	45	— 50
Alpha Port. Cement (6)	132	—135
American Arch (7P)	119	—121
American Book Co. (7)	137	—142
Amer. Cyanamid (4P)	110	—115
Pfd. (6)	84	— 88
Amer. Thread pfd. (¼)	3⅞	— 4
Atlas Port. Cement (4)	60	— 63
Babcock & Wilcox (7)	146	—149
Barnhart Bros. & Spindler:		
1st Pfd. (7) G	104	—107
2nd Pfd. (7) G	98	— ..
Bliss (E. W.) Co. (1)	26	— 28
Borden Co. (4)....New	82	— 84
Pfd. (6)	106	—109
Bucyrus Co. (5)	178	—185
Pfd. (7)	104	—108
Celluloid Co.	26	— 30
Pfd. (8)	72	— 75
Congoleum Co. pfd. (7)	102	—103½
Crocker Wheeler	15	— 25
Pfd.	..	— 75
Devoe & Raynolds (6P)	†148	—†153
do Class A new	49	— 50
do Class B new	50	— 51
2nd Pfd. (7)	98	— ..
Eisenlohr (Otto) Bros.	14¼	— 14⅝
Pfd. (7)	88	— 92
Franklin Rwy. Sup. (4)	92	— 96
Gen. Optical pfd. (3½)	20	— 30
Gen'l Rwy. Sig. (6½s)	‡	— ‡
Hale & Kilburn pfd. (½)	19	— 22
Ide (Geo. P.) & Co., Inc.	6	— 9
Pfd. (8)	65	— 70
Jos. Dixon Crucible (8)	x146	—x149
Johns-Manville, Inc. (3)	170	—175
Knox Hat	54	— 58
2nd Pfd.	65	— 75
Pr. Pfd. (7)	90	— 95
Lehigh Port. Cement (3)	89½	— 91
Metropolitan Chain Sts.	46	— 48
1st Pfd. (7)	108	—112
2nd Pfd. (7)	107	—111
McCall Corp.	126	—132
Pfd. (7)	119	— ..
Manhattan Rubber Mfg.	36	— 38
Nat'l Fuel Gas (6)	118	—120
New Jersey Zinc (8P)	192	—195
Niles-Bement-Pond	30	— 32
Pfd.	60	— 63
Phelps Dodge Corp'n (4)	126	—128
Pierce, But. & P'ce (8)	120	—130
Pfd. (8)	98	—101
Poole Eng'g (Md.)		
Class A	10	— 14
Class B	10	— 14
Richmond Radiator (new)	19	— 20
Pfd. (3) (new)	38	— 43
Royal Bak'g Powder (8)	138	—143
Pfd. (6)	100	—101
Safety Car H. & L. (8)	116	—119
Savannah Sugar (6)	123	—126
Pfd. (7)	106	—109
Servel Corp. B	50	— 53
Sheffield Farms (6)	250	— ..
Pfd. (6)	99	—101
Singer Mfg. Co. (10P)	305	—315
Singer, Ltd. (¼)	7	— 8
Superheater Co. (6)	143	—147
Technicolor, Inc.	5½	— 6½
Thompson-Starrett (6)	100	— ..
Pfd. (8)	99	— ..
Victor Talking Mach.	84	— 90
White R'k 2d Pfd. (6P)	170	—210
1st Pfd. (7)	98	—103

*Dividend rates in dollars per share designated in parentheses.

†Called for redemption at 110 as of October 1.

G—Guaranteed as to principal and dividend by Amer. Type Founders.

P—Plus extras.

x—Ex-dividend.

†Ex-rights.

‡Entire outstanding issue redeemed October 1.

UNLISTED stocks were generally active and, for the most part, buyers were compelled to bid for the higher-priced issues to bring forth offerings. Some important price changes were recorded.

Trading in the new Class A and Class B stocks of Devoe & Raynolds was initiated on a rising market. Both issues enjoyed a fair-sized turnover, while the old common advanced to higher levels. Stockholders have ratified the recapitalization plan and signified assent to the purchase of the Wadsworth-Howland Co.

The disparity between quotations for the Class A and B stocks is accounted for by the fact that the latter shares carry voting power while the former do not. Holders of the old common have been accorded the privilege of purchasing new Class A stock at the rate of $35 a share to the extent of 25% of their present holdings in the old issue. In view of the company's favorable outlook, this department believes stockholders should exercise their rights to subscribe to the new security.

AMERICAN ARCH

Declaration of the regular quarterly dividend of $1.75 a share and an extra of $2 serves to call attention to the favorable position of this company. American Arch is one of that branch of the railroad equipment family which has been wholly immune from the depression that characterizes the market for locomotives and freight cars at present. Its business is the manufacture and installation of fire brick arches for steam boilers. The company supplies these arches to sta-

tionary power plants but is more especially the dominant factor in the locomotive field. The use of fire brick arches in railway locomotives secures a substantial saving in fuel costs and in view of the insistent demand for operating economies, the demand for American Arch Company's product has steadily expanded.

Prompt service is an essential requirement in the business of supplying arches and this need the company has met efficiently by maintaining numerous plants at strategic distributing centers. Service, in fact, is the foundation upon which its business is built since a locomotive arch wears out in from 10 to 30 days' use. The replacement demand, accordingly, is very heavy and sales turnover probably large.

Though there is a possibility that the company will encounter more competition in the future, due to the expiration of certain patents, this appears a minor consideration. The goodwill established through years of service and the company's ability to handle a large volume of business precludes serious invasion of its field.

On the assumption that extra payments of $4 a share per annum will continue to be made next year as they were this year and last, the stock affords a return in excess of 9% on the current bid price. Accordingly, the issue is still attractive.

GEO. P. IDE & CO.

The Ide stocks have shown a slightly firmer undertone of late but with no material change in quoted prices. The 7% preferred stock is selling on a basis to yield 11.1%. For a preferred issue, this high yield would indicate uncertainty with respect to continuation of dividend payments.

Ide, in keeping with other textile manufacturers, has been suffering from the depression in the textile trades. Last year, the company earned but $4.75 a share on the preferred stock compared with dividend requirements of $8. No statement of earnings has been made available thus far in 1925, but advices to this department indicate the company's business has begun to show improvement and it is understood that sales show a considerable increase over the corresponding period a year ago.

Financial position is also reported as sound. As of December 31, 1925, the company reported 3.11 million dollars current assets, of which $653,585 were cash. Current liabilities amounted to but $112,695. Since preferred dividends require only $160,000 per annum, the management might reasonably continue payments out of surplus for a time unless earnings should take a decided turn for the worse.

The preferred stock occupies a speculative position and does not seem a desirable purchase at prevailing levels but holders of this security should maintain their position since the tendency is toward improvement. The common stock is unattractive.

TRADE TENDENCIES

(*Continued from page* 1116)

industry shows no sign of abating. Foreign makers are pressing the material on the domestic market and a considerable tonnage of French pipe has been sold in this country and Cuba of late.

A further advance in pig iron prices has carried the average level of iron and steel quotations higher. Finished steel items, however, manifest continued irregularity and the time does not seem propitious for an attempt to raise the general price level of steel.

RUBBER

Stocks Light

The nearby supply situation in rubber is still tight. That is to say, supplies are so small as to make the market extremely sensitive to minor changes in the day-to-day demand. London is evidently attempting to build up a better reserve supply but thus far has succeeded in raising stocks from 4,440 tons a month ago to but 5,402 tons at present. Though this is an improvement, consumers are getting relief slowly.

The sharp rally in rubber to around 90 cents a pound is in conformity with the prevailing supply situation. The trade is not wholly convinced that prices will hold at these levels. This is indicated by the fact that prices of futures are below parity with the spot material.

The tire industry has begun to curtail operations actively. Manufacturers, furthermore, have abolished the practice of spring dating in an effort to distribute consumption of the raw material over a longer period. Then again, the British export allowance will increase 10% on November 1, under the Stevenson restriction plan.

In view of these conditions, consumers of rubber, apparently, would do well to fill their requirements cautiously at current market levels. While it is unlikely that tire makers will make any change in selling prices in the near future, the larger companies should continue to show good results.

Commodities Section

Wheat — Corn — Cotton

WHEAT AND CORN The bottom dropped out of wheat futures. Winnipeg quotations declined from $1.34 to $1.19, and Chicago is selling May delivery at $1.36. This price is the low for this season's crop. Many discouraging factors exist. Estimates of Spring wheat production have been unofficially reported as much as 34 million bushels more. Total wheat crop estimates (U. S. A.) have been marked up by 15 million bushels. Coming on top of news of loaded grain elevators at Duluth, with slow movement and almost no export demand even at the lower prices, the cumulative bearish effect has been considerable.

The bulls are discouraged. Stop-loss orders bring down the market on every major reaction. Fear of the world situation is fundamental. Canadian opinion veers to the belief that Argentine and Australian crops will be shipped into Europe in considerable quantities before Canadian wheat exports have reached normal volume.

Nevertheless there is a bullish side. Apart from the fear that the Dardanelles may be closed and Black Sea

COTTON CROP OF THE UNITED STATES

	Bales (1000)	Export Bales (1000)	Percentage Exports
1860	3,841	615	16
1880	6,356	4,453	70
1890	8,562	5,850	68
1900	10,266	6,806	67
1910	12,005	8,205	68
1915	12,122	6,405	53
1919	12,028	6,760	56
1920	13,226	5,643	42
1921	7,849	6,123	77
1922	9,641	4,867	51
1923	9,910	5,835	58
1924	13,327	8,253	66
1925	13,931*	....	..

*Government Estimate.

shipments from the Ukraine restricted, there is the substantial unknown factor of the volume of Far Eastern demand and the fact that Europe began this year without a large carry-over. While this latter fact has been included in bearish appraisals, and an import surplus over world requirements demonstrated, it is important to note that the carry-over is a known quantity while world production both as to quantity and quality as yet remains a forecast. Talk of cancellation of Russian charters at Liverpool cannot be wholly dismissed.

While bearish sentiment is wholly dominant in wheat there are important neglected factors that do not fit into the bearish picture.

Corn has been neglected, being relegated to a very minor position in the grain market. Further reductions in crop estimates of more than 20 million bushels or almost 1% of the crop, however, stimulated a feeble reaction. Nevertheless, recession has been general and Decembers are veering close to the minimum prediction of 75 cents.

Marked absence of export demand and abundant world crops coming into the world market before our own crop leave corn with few friends.

COTTON The government report increasing cotton estimates by 250,000 bales, although roundly abused by many in the trade has resulted in a general opinion that the crop will be larger than was at first believed. Southern sources, naturally cling to the belief that the crop will be less than 13,500,000 bales. But the stimulus of the government report carried cotton down. Resistance was, however, powerful. At 23 cents legitimate buying power appeared. New England mills, especially, Southern mills somewhat less, Continental (European) mills heavily, all entered the market at favorable price levels. Cotton cloth prices this month have shown a satisfactory increase and many mills are in a position where they must buy, if they are to make handsome profits for the first time in some years. This buying on reactions, despite unfavorable news, coupled with the solid character of the buying, is distinctly encouraging.

That the short interest was overextended is clear. August experiences, when spot middling upland saw 22 cents and then went up swiftly, did not teach them caution. They were surprised, after a week of reports of good weather when Southwestern weather reports became unfavorable to Texas and Oklahoma crops. Nevertheless market opinion generally remains bearish. It stubbornly refuses to face the possible consequences of a large abandoned acreage situation. A reduction of 600,000 bales from this factor alone would raise December prices to upwards of 25 cents.

Strong buying by mills indicates large world consumption requirements. Cotton prices will rise when present overrating of crop ceases to dominate market.

LEGAL METHODS OF MINIMIZING INCOME TAXES

(*Continued from page* 1087)

stances the government admits this and revises its demand after the facts have been properly presented and a taxpayer's case properly argued.

Justice Ostrander of the Surrogate's Court said some time ago in connection with a matter before him that:

> "To pay a tax lawfully imposed is a patriotic duty; to resist one not clearly imposed is equally a patriotic duty."

An additional assessment may be the result of any number of causes. It may be the fault of the taxpayer, due to improper bookkeeping or presentation of facts, or it may be the result of his interpreting or misinterpreting a given provision in the tax law. The agent may be right on some points and wrong on others as to the interpretation of the law and regulations covering a given transaction. It may be the result of hasty conclusions formed by an agent whose efficiency is measured by the time consumed. The tax expert will take his time in getting at the facts and will usually be able to convince the authorities in charge that a mistake has been made in imposing the additional assessment, if such a mistake was made.

Aside from the difficulty in the preparation of the facts in a case and applying the law and regulations, the presentation of the facts and the following through of a case to a conclusion is an extremely technical procedure requiring the expert knowledge and experience of the tax man. It is at this point, perhaps more than at any other, where the tax expert needs all the information he can get about a given transaction. A single fact may often convert a profit into no profit or even a loss.

Take, for example, the sale of a piece of property in which a mortgage has been taken for one's equity and profit. Say the equity is $100,000, but what was received on the sale was $50,000 in cash and $150,000 in a mortgage. Ordinarily this transaction would result in a taxable profit, of $100,000. However, it is very pertinent to ascertain the nature of the mortgage received. If it is a gilt-edged, readily realizable mortgage of short term maturity, it is almost equivalent to cash and will be taxable as such. However, if it is a long term, instalment mortgage, it may not be considered at all and the transaction may not involve any profit until the actual cash realized exceeds the cost. Here, therefore, the simple facts as to the terms of the mortgage may remove entirely a proposed tax; this, although there may be what is considered an actual profit during the taxable year.

Facts of such a nature as to ma-

terially change results in favor of the taxpayer are often pointed out by an examining agent. However, just as often they are not so pointed out, and quite often a situation is not seen or recognized either by the examining agents or even by the tax consultant until considerable thought is given to and contact had with a specific proposition.

The statements here made, therefore, justify, I believe, the conclusion that the tax man can cooperate with the business man to mutual advantage; that he can do so not only in preventing such steps as would result in the imposition of income taxes unnecessarily, but also in the avoidance of the imposition of additional taxes as well as in the reduction or removal of such additional taxes when imposed. The business man who has learned of the preventive advantage need concern himself very little with the other avenues of the tax man's activities; but the man who has not yet learned of the "stitch in time" may still be able to save some of the proverbial "nine."

RAILROADS LIKELY TO BE TAKEN OVER ON A GUARANTEE BASIS

(*Continued from page* 1081)

to be found in the Pittsburgh & West Virginia. This line extends from Pittsburgh, where there is an excellent terminal situation, westward 60 miles to a connection with the Wheeling & Lake Erie in Ohio, the company operating but 89 miles in all. The book value of the $30,235,100 stock is only slightly over $100 a share, being chiefly represented by road and equipment, carried at $32,880,000, although it is supposed to have cost the original company, the Wabash-Pittsburgh Terminal, in excess of $55,000,000 to gain this Pittsburgh entrance, a step which was bitterly contested every foot of the way and even after access had been acquired.

A striking instance of strategic worth is here revealed. Pittsburgh is the heaviest tonnage producing centre in the country, and thus constitutes a desirable objective for all roads. It is highly doubtful if another entrance to this point can ever be constructed, a matter that was clearly brought out in the hearings on the proposed New York, Pittsburgh & Chicago last summer.

Meanwhile, Pittsburgh & West Virginia, selling in the market for about $28,000,000, affords the only available link. At first glance this price, equal to $315,000 per mile of line, looks high, although the value of the terminals is to be distributed over a relatively short distance. It compares, however, with an estimated cost to construct the proposed line from Pittsburgh to Easton, Pa., without terminals, of $629,000 per mile, and in-

cluding equipment, $757,000 per mile. That Pittsburgh & West Virginia was originally built, as to all bridges and tunnels, for double-tracking, adds materially to its value. During boom times the existing transportation facilities in this district are taxed to capacity, so that Pittsburgh & West Virginia should logically fall heir to any further expansion of traffic. Allowing only for the normal growth from year to year, this position could be productive of some astonishing earning results in the future.

This company formerly controlled the Pittsburgh Terminal Coal Co., a highly successful mining venture. About ten months ago, however, the properties were sold to the present concern's stockholders and the proceeds used to retire the latter's preferred stock issue. Pittsburgh & West Virginia common stock is now proceeded by $3,000,000 equipment notes only. The loss of dividend income involved in the segregation was about equal to the requirements on the former preferred stock, so there is little alteration in the earning picture. Current record results along these lines are perhaps to be viewed with some caution on the part of a 75% coal carrier in union territory. Earnings, however, are not at present the foremost consideration as regards this stock. *Representing a road of great strategic importance, the stock is of higher value than the present market price.*

Important Dividend Announcements

Note.—To obtain a dividend directly from the company the stockholder must have his stock transferred to his name before the date of the closing of the company's books.

Ann'l Rate		Amount Declared		Stock Record	Payable
8%	Alliance Realty	2%	Q	10-10	10-19
$4	Allied Chem. & Dye cm.	$1.00	Q	10-15	11-2
$4	Am. Beet Sug. cm..	$1.00	Q	10-10	10-31
$5	Amer. Can cm.......	$1.25	Q	10-31	11-16
$8	Amer. Ice cm.......	$2.00	Q	10-9	10-26
6%	Amer. Ice pf.........	1½%	Q	10-9	10-26
$1	Am. La France cm..	$0.25	Q	11-2	11-16
8%	Am. Shipbuild. cm..	2%	Q	10-15	11-2
7%	Am. Shipbuild. pf..	1¾%	Q	10-15	11-2
$3	Anaconda Copper....	$0.75	Q	10-17	11-23
$2.48	Ass. Dry Goods cm.	$0.62	Q	10-15	11-2
$6	Ass. Dry Goods 1st pf.	$1.50	Q	11-15	12-1
$7	Ass. Dry Goods 2d pf.	$1.75	Q	11-15	12-1
6%	Atlas Powder pf....	1½%	Q	10-20	11-2
$1½	Briggs Mfg.	$0.375	Q	10-10	10-26
$5	Chic. Pneum. Tool...	$1.25	Q	10-15	10-26
$4	Chic. Yell. Cab....	$0.33⅓	M	10-20	11-2
$8	Chrysler Corp. pf...	$2.00	Q	10-10	10-26
$4	Crucible Steel cm....	$1.00	Q	10-15	10-31
6%	du Pont (E. I.) deb.	1½%	Q	10-10	10-26
$2	Eaton Axle cm......	$0.50	Q	10-15	11-1
6%	Elec. Bond & Share pf.	1½%	Q	10-15	11-2
$8	Famous Play. pf....	$2.00	Q	10-15	11-2
6%	Harbison-Walker pf..	1½%	Q	10-10	10-20
$7	Loose-Wiles Bis. 2 pf.	$1.75	Q	10-19	11-1
7%	Macy, R. H., pf....	1¾%	Q	10-17	11-1
$7	McCrory Stores pf..	$1.75	Q	10-20	11-1
$5	Mo. Kan. & Tex. pf.	$1.25	Q	10-15	11-2
$4	Motor Prod. pf.....	$1.00	Q	10-20	11-2
$4	Nat'l Cloak & Suit cm.	$1.00	Q	10-9	10-15
$2	N. Y. Air Brake cm.	$0.50	Q	10-7	11-2
$1.80	Orpheum Cir. cm....	$0.15	M	10-20	11-1
....	Pac. Coast 2d pf...	$1.00	—	10-23	11-2
$2	Packard Motor	$0.50	Q	10-15	10-31
5%	Pere Marq. pr. pf..	1¼%	Q	10-15	11-2
5%	Pere Marq. pf......	1¼%	Q	10-15	11-2
7%	Phillips-Jones pf....	1¾%	Q	10-20	11-2
6%	Pitts. Coal pf......	1½%	Q	10-9	10-24
7%	Pitts. Utilities pf...	3½%	SA	10-10	11-2
....	Pitts. Utilities pf...	2½%	Ext	10-10	11-2
$7	Pub. Serv. Elec. pr. pf.	$1.75	Q	10-15	11-2
7%	United Drug 1st pf.	1¾%	Q	10-15	11-2
7%	West. Penn Pr. 7% pf.	1¾%	Q	10-15	11-2
6%	West. Pacific pf....	1½%	Q	10-8	10-20
$3	Wrigley, Wm., Jr...	$0.25	M	10-20	11-1

THE MAKING OF AN INVESTOR

(*Continued from page* 1100)

pieces until he had ten of these or $6,000 worth of securities from which time on he expects to buy one thousand dollar units until he has at least $20,000 invested. His second rule was in regard to type of securities and is mentioned later.

About a year ago Frank stepped off and married the young lady previously mentioned. She had also been working for several years and had accumulated a few hundred to add to the investment fund. Frank's salary had increased considerably and they figured they could live together comfortably and still save for their old age.

The week before the wedding Frank took out two more insurance policies, both thirty-payment life. These were for $2,000 and $5,000 and he planned to increase these as his responsibilities in life increased.

Solving the Home Problem

This happy event brought up two more interesting investments for consideration; the building and loan associations and the question of buying or building a home. The building and loan problem caused quite some argument. The security and the return were both good but it lacked a ready market. They could withdraw at any time but would then receive only a minimum interest return. As they could get as safe an investment and as good a return in other ways they decided to defer the building and loan proposition until such time as they should seriously think of building or buying.

The question of buying or building was the only one where I really used my influence to shape their course. In the first place, I pointed out the present high cost of building and the danger of buying or building at this time. Secondly, I questioned the size of the house they were likely to need. They hadn't as yet decided on the size of their family and even if they did it was doubtful if they could regulate it as closely as they had their savings. Thirdly, and most important, I pointed out that they could only afford a very modest home at this time. If they bought or built such a one, and their income increased as it should, they would soon want a better one. If they figured on this and built accordingly they would have a heavy load to carry until their ship came in. I am not against home owning as I own my own and have never regretted it but I believe a person should wait until they have reached somewhere near their maximum earning power.

They are still renting.

Distribution of Investments

Month by month, they are saving their little mite. Frank has divided

Dividends

THE UNITED LIGHT AND POWER COMPANY

Chicago, Ill.

The Board of Directors of The United Light & Power Company, on September 8th, 1925, declared the following dividends on the stocks of the Company:

A quarterly dividend of $1.63 per share on the Class "A" Preferred Stock, payable October 1st, 1925, to stockholders of record on September 15th, 1925.

A quarterly dividend of $1.00 per share on the Class "B" Preferred Stock, payable October 1st, 1925, to stockholders of record on September 15th, 1925.

A dividend of 60 cents per share, payable in cash on November 2nd, 1925, to all holders of Class "A" and Class "B" Common Stock, of record on October 15th, 1925.

A regular dividend of 1/40th of one share of Class "A" Common Stock per each share of Class "A" and Class "B" Common Stock, payable on November 2nd, 1925, to all Class "A" and Class "B" stockholders of record October 15th, 1925.

An extra dividend of 1/40 of one share of Class "A" Common Stock per each share of Class "A" and Class "B" Common Stock, payable November 2nd, 1925, to all Class "A" and Class "B" stockholders of record on October 15th, 1925.

Where fractional shares result from the distribution of above stock dividend, "Bearer Warrants" will be issued representing such fractional shares, and such warrants will be traded in on the market.

L. H. HEINKE, Treasurer.

Chicago, September 8th, 1925.

Dividends Continued on page 1150

his investments into three, approximately even groups.

(1) Good bonds, regardless of immediate marketability, such as the first mortgage bonds with which he started.

(2) Bonds, listed or unlisted, but with a good market.

(3) Stocks, either preferred or very high grade common.

Most of his purchases are now in the third group but he keeps them balanced by switching the third into the other two on the bulges in the market when he can do so with a good profit.

His second rule, mentioned earlier, is relative to speculation. He is not averse to speculation but he has no use for tips and does not expect to profit by gains in specific securities, which may rise or fall because of special circumstances affecting them alone, as he realizes the insider gets the cream in cases of this kind. *He buys for the long swing only and then buys the strongest security of the group which he favors.* At a time when he believes conditions are especially favorable, say, for the steels he would buy United States Steel, or if favorable to the rails he would buy Union Pacific or maybe New York Central.

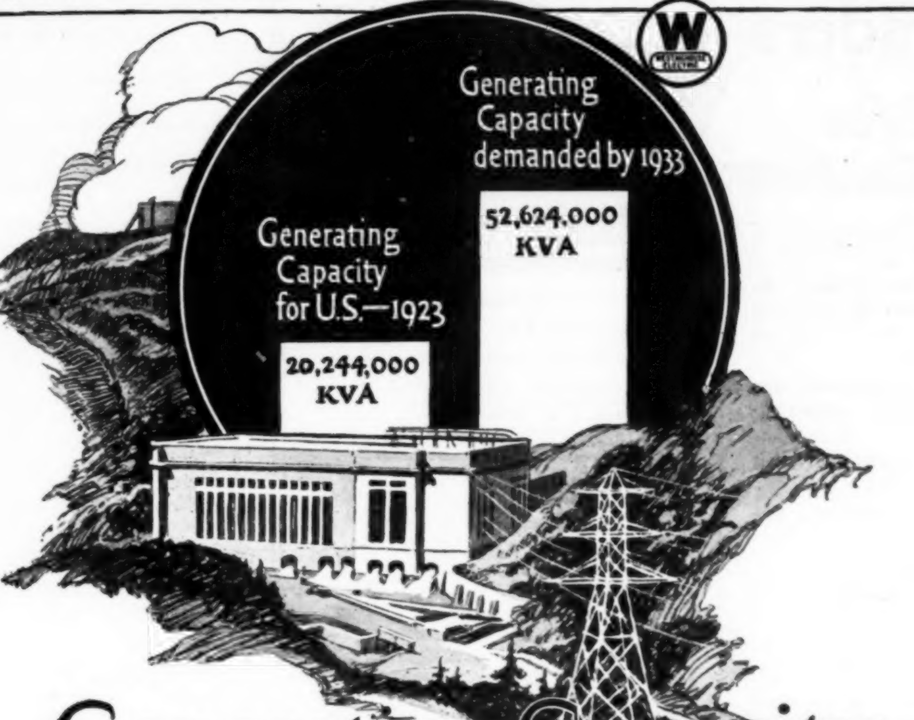
He has no use for the cats and dogs but buys the best in each class.

Nicely Started

Frank and his wife are now nicely started on the road to financial independence. Everything points to their safe arrival there in twenty to thirty years. Future readers of this magazine will likely find the winning article of the BYFI contest of 1949 to be on the subject "Financial Independence Achieved," and it will be signed by Frank.

Important Corporation Meetings

Company	Specification	Date of Meeting
Cerro de Pasco Copper	Directors	10-13
General Cigar Co.	Directors	10-13
Nat'l Bisc.	Pfd. & Com. Divs.	10-13
Southern Railway	Annual	10-13
Amer. Radiator	Pfd. & Com. Divs.	10-14
Amer. Shipbuilding	Annual	10-14
Continental Can	Directors	10-14
Gillette Safety Razor	Dividends	10-14
Shell Union Oil	Directors	10-14
Sinclair Oil Co.	Pfd. Div.	10-14
Woolworth (F. W.)	Dividend	10-14
Columbia Gas & Elec.	Directors	10-15
Erie R. R.	Adjourned Annual	10-15
National Lead Co.	Pfd. Div.	10-15
Tobacco Products	Directors	10-15
U. S. Cast Iron Pipe	Directors	10-15
Crucible Steel Co.	Directors	10-15
McIntyre Porcupine Mines	Dividend	10-16
American Tel. & Tel.	Directors	10-20
Hudson Motor Car	Directors	10-20
Mexican Seaboard Oil	Directors	10-20
Munsingwear, Inc.	Dividend	10-20
Stewart-Warner Speed.	Dividend	10-20
Am. Water Wks.	Pfd. & Com. Divs.	10-21
Nat'l Cloak & Suit Co.	Pfd. Div.	10-21
Pullman Co.	Annual	10-21
West Penn Co.	Directors	10-21
Central R. R. of N. J.	Dividend	10-22
Household Prod.	Directors	10-22



Generating Capacity must *double* by 1933

Power, more power, still more power—such is the insatiable demand of expanding life and industry. The people of the United States already are using as much electrical current as all the remaining countries in the world—yet every year sees the demand expanding.

The generating capacity of all the electric service companies in this country totalled more than 20,000,000 kva in 1923. Yet, according to *Electrical World* estimates, it will have to be 52,000,000 by 1933, if power facilities keep pace with the growth of factories, mines, railroads, farms and homes.

An industry can only be as large as its market. Here is one indication of the expanding market for electric power.

WESTINGHOUSE ELECTRIC & MANUFACTURING COMPANY
EAST PITTSBURGH, PA.

Westinghouse

The alternating-current principle, developed and perfected by Westinghouse, opened the way for the cheap and efficient utilization of electric power in industry. Westinghouse produced and perfected the turbine generator. Westinghouse produced the apparatus which first harnessed the falls of Niagara.

CASH OR CREDIT—WHICH IS BEST FOR BUSINESS?

(*Continued from page* 1118)

Lee Thompson Smith, secretary of the New York real estate firm of Pease and Elliman, Inc.

"The partial payment plan, whether applied to motor cars or anything else, is a business stimulator. Of course there are instances of extravagance under this plan, but they are the exceptions. And it's nonsense to say that this buying is at the expense of necessaries. We do not find any instance where the ability of a tenant to meet his rent promptly is affected by the buying of other things.

"Whether a man buys something on deferred payments for business or for pleasure, he expects to meet his payments. If he has to work harder to do it he is showing a spirit of desire for accumulation that makes for prosperity. When he buys he creates a demand for labor which helps somebody else."

"But," I interposed, "won't there be a reaction when business slows down and he is no longer able to meet his payments?"

"Suppose he can't meet his payments—what happens? He simply loses the thing he has bought, and the seller repossesses it. Meanwhile he has created a market for labor which he could not have created if he had had to pay cash. And remember this—we can't have a business depression when buying is general, for buying makes business. It is only when we go beyond the limits of demand and over-produce that we are in danger of a business slump."

The conclusion one must reach after analyzing the opinions of the men who should know, is that if the American people seem to be extravagant, it is only because we are still trying to measure by the pre-war standard which is no longer a correct standard. It has not been so long ago that Congress was denounced for authorizing an annual expenditure of a billion dollars. If we were to try to limit the nation's annual expenditures to such a sum now, we would be considered miserly. And so individual expenditures have increased in the same way. In the matter of amusements it would appear that the only difference in present conditions and those of the old days is in the matter of numbers—more people are able to pay for amusement than was possible a few decades ago.

In other words, I have found that most of our business men, bankers and economists regard the current activity as the expression of a newer civilization that has set the highest material standard the world has ever seen, and not as an ephemeral era of wild extravagance which must end in destruction or diaster.

This is the material view. As for the spiritual side—well that is another subject entirely.

With the Speed of Champions

Your Typists write *some words* as fast as the *World's Champion Typist*

These fingers — the fastest in the world — cannot outspeed the UNDERWOOD

Hands of Albert Tangora
World's Champion Typist

STENOGRAPHERS often write certain familiar letter combinations at a rate equal to the sustained speed of the world's fastest typist. It is these sudden bursts of speed that test the mechanical qualities of a typewriter.

Twelve Keys a Second!

In the International Typewriting Contest, won for 19 consecutive years on the Underwood, the contestant is penalized for mechanical errors made by the typewriter as well as for mis-struck keys. In winning the 1924 title, Albert Tangora struck twelve keys a second for one hour, and his Underwood did not make a single mechanical error!

This demonstrated mechanical superiority of the Underwood shows why every World's Typewriter Championship has been won on this machine, and why the Underwood is used in business offices wherever the utmost of typewriting speed and accuracy is required.

'Phone the nearest Underwood branch for a demonstration in your office

UNDERWOOD

Speeds the World's Business

What Form of Investment is Best

MORE than anything else, *proper investment* can speed one's arrival at unquestioned financial success. You know, if you have ever given the matter thought, that money, properly used, doubles and trebles with almost amazing speed. You know also that, regardless of a man's earning power his financial position is determined primarily by the results he can get from his money.

"What form of investment is best?" may not seem extraordinarily interesting, until it is realized that with proper and conservative methods of investment money can *double itself in only 36 months.* You can do this, if you know how to select stocks, purchase them when prices are low, liquidate near the tops of the periodic bull markets and repurchase when price levels have again fallen.

The reasons very few people are able to do this successfully are: first, because investment is a business in itself, and requires a greater amount of time than most men can give it; second, because of the psychology which upsets the most careful of judgments as soon as one's own interests are deeply involved.

These two considerations, plus the fact that the statistical and other data necessary to forming a proper judgment are seldom available to individual investors, keep down to a very low rate the income most people get from their investments.

These are the reasons for the existence of an economic forecasting organization. If soundly conceived and honestly and capably conducted, it can unquestionably render a definite and valuable service to anyone with money for investment.

The Brookmire Record

Independent audits have disclosed the fact that Brookmire advice has been sufficiently accurate to enable clients to secure 26% on their invested capital, with all purchases made outright and with no short sales. Thousands of individual investors have proved to themselves Brookmire's value as their investment counsel. Colleges and universities use the Brookmire Services for economic instruction; banks and investment bankers subscribe; national and international industrial firms find its conclusions sound.

It is important to understand the scope and field of usefulness of this Service, what it offers and equally important what it does *not* pretend to give.

A Personal, Interested Service

The Brookmire record extends over 21 years.

It is concerned with both stocks and bonds. It includes personal consultation privileges. It is distributed in bulletin form: weekly, fortnightly, monthly. It is *not* a "get rich quick" scheme; does not interest gamblers; is not intended for market plungers.

In brief, the Brookmire purpose is to enable careful, intelligent individuals with money for investment to secure a better-than-average return from their capital, whether it be $5,000 or $1,000,000.

26% Average Profit

More complete information on this Service than can be given in this space is available upon request. We shall be glad to forward free upon request a special folder "26% Average Annual Profit," showing precisely what this Service furnishes, together with a copy of a current bulletin discussing the investment situation now. Use the coupon.

A FEW CLIENTS

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American Woolen Co.
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Bauer & Black
Carnegie Steel Co.
Chain Belt Co.
Childs Co.
Cosden Co.
Hood Rubber Co.
Geo. P. Ide & Co.
Jordan Motor Co.
Knox Hat Co.
Lever Bros. Co.
Simmons Co
E. R. Squibb & Sons
Swift & Co.
The Texas Co.
White Motor Co.

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Send your new booklet, "26% Average Annual Profit" and information explaining the scope, record and purpose of your Investment Service.

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A FEW CLIENTS

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Northern Trust Co.
Paine, Webber & Co.
The Peoples Trust Co.
Seaboard Nat'l Bank
Seattle National Bank
Spencer, Trask & Co.
S. W. Straus & Co.